Labour

Annual Report

2015-16

Alberta Government

Note to Readers:
Copies of the annual report are available on the Labour website
work.alberta.ca

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June 2016

Labour

Annual Report

2015-16

Preface 2

Minister's Accountability Statement 3

Message from the Minister 4

Management's Responsibility for Reporting 5

Results Analysis 7

- Ministry Overview 8
- Discussion and Analysis of Results 11
  - Desired Outcome 1: Albertans have the skills demanded by Alberta's labour market 13
  - Desired Outcome 2: Alberta is able to attract and retain a skilled, resilient and productive workforce 20
  - Desired Outcome 3: Alberta has safe, fair and healthy workplaces 29
  - Desired Outcome 4: Alberta's collective bargaining laws are fairly and equitably applied 43
  - Desired Outcome 5: Albertans have access to timely, fair and independent appeal services through the Appeals Commission for Alberta Workers' Compensation 48
- Performance Measure Methodology 51

Financial Information 58

- Independent Auditor's Report 60
- Financial Statements 61
- Financial Statements: Workers' Compensation Board 87

Other Statutory Reports 127

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

On February 2, 2016, the government announced new ministry structures. The 2015-16 ministry annual reports and financial statements have been prepared based on the new ministry structure. The Ministry of Labour is comprised of the programs formerly in the Ministry of Jobs, Skills, Training and Labour.

This annual report of the Ministry of Labour contains the minister's accountability statement, the audited financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- **the financial statement of entities making up the ministry including the Department of Labour, the Alberta Labour Relations Board, the Appeals Commission for Alberta Workers' Compensation, Workers' Compensation Medical Panels and the Occupational Health and Safety Council; and**
- **other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and**
- **financial information relating to trust funds.**

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2016, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions as at June 1, 2016 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by]

Christina Gray

Minister of Labour

Message from the Minister

Albertans work hard to provide for their families and support their communities. Alberta Labour works directly with workers, employers, labour organizations and other stakeholders to deliver programs and policies that build a strong, diverse workforce as well as promote safe, fair and healthy workplaces.

Our government recognizes the need for a skilled and resilient workforce to ensure Alberta's economic future is bright. Looking ahead, we will continue to review and modernize labour legislation and policy, and deliver programs that support the development of our province's workforce while enhancing worker safety and improving our workplaces.

The Ministry of Jobs, Skills, Training and Labour was renamed to the Ministry of Labour on February 2, 2016. I would like to thank all our staff for the amazing work they did over the last fiscal year. I look forward to continuing to work with my colleagues, department staff and other stakeholders on this important work that supports fairness and equality for all Albertans.

This report highlights Alberta Labour's objectives and results from the 2015-16 fiscal year.

[Original signed by]

Christina Gray

Minister of Labour

Minister Responsible for Democratic Renewal

Management's Responsibility for Reporting

The Ministry of Labour includes:

- The Department of Labour;
- Alberta Labour Relations Board;
- Appeals Commission for Alberta Workers' Compensation;
- Occupational Health and Safety Council;
- Workers' Compensation Medical Panels; and
- Workers' Compensation Board.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the ministry rests with the Minister of Labour. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandability – the performance measure methodologies and results are presented clearly.
- Comparability – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness – desired outcomes, performance measures and related targets match those included in the ministry's Budget 2015.

As deputy minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Labour the information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Planning and Transparency Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

[Original signed by]

Jeff Parr

Deputy Minister of Labour

Date: June 1, 2016

Results Analysis

Ministry Overview

Discussion and Analysis of Results

Ministry Overview

The Ministry

The Ministry of Labour provides supports to meet the needs of both employees and employers. This work focuses on building a skilled workforce for the jobs of today, as well as tomorrow, and maintaining safe, fair and healthy workplaces.

The Department

The Department of Labour consists of the areas described below:

Deputy Minister's Office

The deputy minister's office leads the department, provides advice and support to the minister and is the link to the minister's office to ensure the work of the department meets the goals and objectives outlined in the business plan and the priorities provided to the minister by the Premier. The deputy minister supports the Deputy Minister of Executive Council by contributing to policy development, planning and implementation of cross-ministry initiatives, as well as advocating for new approaches and long-term views toward achieving government-wide goals.

Safe, Fair and Healthy Workplaces

The Safe, Fair and Healthy Workplaces division provides program delivery to ensure Alberta's workplaces are safe, fair and healthy. Working with employers, labour groups, industry associations and workers directly, this division ensures compliance with several pieces of workplace-related legislation. Key areas of responsibility include occupational health and safety and employment standards.

Strategy and Policy

The Strategy and Policy division works with other ministries, industry and the federal government to shape Alberta's workforce policy. The division develops policies and strategies to align labour supply and demand. The Strategy and Policy division also provides policy development expertise to ensure Alberta's workplaces are safe, fair and healthy and is responsible for ensuring labour legislation promotes a fair and balanced labour environment.

Workforce Strategies

The Workforce Strategies division works with provincial and federal government partners as well as with industry to support the needs of workers, employers and Albertans by focusing on growing a skilled workforce for the jobs of today as well as tomorrow. Workforce Strategies identifies labour force needs and issues, developing and implementing program policies, strategies and programs to address the needs of Alberta's labour force.

Corporate Services and Information

The Corporate Services and Information division provides support to the ministry in key functional areas, including finance, legislative services, corporate planning and reporting and information management and technology.

Communications

The Communications division provides planning, advice and support to the minister and the department and clear and timely information to the public about the ministry's key initiatives, programs and services. Communications is also responsible for providing advice on issues management, media relations, specialized writing, social media, website content and product design.

Human Resources

The Human Resources division leads strategic human resource initiatives and oversees the planning, development and delivery of human resource services for the ministry. Human Resources develops innovative and collaborative strategies to recruit, engage and develop staff.

Agencies, Boards and Commissions

The Ministry of Labour also includes the following agencies, boards and commissions:

Alberta Labour Relations Board

The Alberta Labour Relations Board (ALRB) is an independent and impartial tribunal responsible for the day-to-day application and interpretation of Alberta's labour laws. The Board administers the *Labour Relations Code*, the *Public Service Employee Relations Act*, the *Police Officers Collective Bargaining Act* and certain matters under the *Public Education Collective Bargaining Act*. It processes applications and conducts hearings on matters arising from both private and public sectors. Some, but not all, of the issues that come before the ALRB include certifications, revocations, various votes, bargaining unit determinations and unfair labour practices.

Appeals Commission for Alberta Workers' Compensation

The Appeals Commission for Alberta Workers' Compensation, an independent and impartial tribunal, hears worker and employer appeals arising from Workers' Compensation Board (WCB) review bodies. The mission of the Appeals Commission is to provide a timely, fair and independent appeals process consistent with legislation, policy and the principles of natural justice.

Occupational Health and Safety Council

The Occupational Health and Safety Council advises the minister on matters concerning the *Occupational Health and Safety Act*, Code and Regulation. The Council is empowered to hear appeals related to orders issued by Occupational Health and Safety officers, as well as cancellations/suspensions of a licence or permit and rulings from disciplinary action complaint investigations. The Council also hears appeals to administrative penalties for violations.

Workers' Compensation Board – Alberta

The Workers' Compensation Board – Alberta (WCB) is an employer-funded, non-profit organization legislated to administer the workers' compensation system for the province's employers. The WCB is independently funded and operated as an insurance enterprise. In Canada, workers' compensation is a no-fault disability insurance system that protects both employers and workers against the economic impact of work-related injuries and occupational disease.

Workers' Compensation Medical Panels

Medical panels provide the WCB and Appeals Commission with an impartial, independent decision-making process to resolve medical issues that affect a claimant's right to compensation. Each panel is made up of three contracted physicians with specialized knowledge of the medical area in dispute.

Discussion and Analysis of Results

The Ministry of Labour works to establish positive conditions for Alberta's workers, employers and workplaces. The environment has presented exceptional challenges to the ministry in the past year.

After a significant period of exceptional growth, Alberta is now in an economic downturn, along with much of the country and the world. Alberta's labour market has cooled and layoffs have affected many workers, particularly in the oil and gas sector. The ministry is striving to position workers for success in these new economic conditions; supporting economic diversification and climate change plans; developing programs and training opportunities that help people fully participate in the economy; preparing for economic recovery and getting Albertans back to work.

Even with fluctuations in the economy, there are industries where labour and skills shortages persist. These challenges reinforce the need for Labour to continue to provide training and re-training for Albertans, develop and refine programs and services and find more efficient ways to recognize qualifications from workers from outside the province. Understanding the workers of the future and understanding the needs of industry through comprehensive labour market information, forward-looking research and data analysis will be crucial to building a skilled and resilient workforce. Historically, some groups have been underrepresented in Alberta's labour market, including Indigenous people, youth, immigrants and women.

The ministry continued to provide support to students to gain work experience and to participate in skill-building opportunities and re-introduced the Summer Temporary Employment Program (STEP), which will also benefit employers across the province through a wage subsidy. Improving equality of outcomes for underrepresented groups makes both social and economic sense; individuals get access to opportunities and employers get access to untapped pools of employees.

With the downturn in the economy, the Alberta government is focusing on ensuring Albertans are actively engaged in the workforce and that there are permanent workers in permanent jobs. In 2015-16, Labour focused less on international attraction strategies, however, it is important that the ministry maintain labour attraction efforts so that the province is well positioned to respond to labour demands when the economy recovers and more workers are needed. Alberta welcomed almost 3,400 Syrian refugees last year. Increasing cultural diversity in Alberta challenges Labour to deliver effective services to a wide range of newcomers. In 2015-16, the ministry focused significant effort on implementing plans to help refugees become settled and begin contributing to Alberta as their new home.

Today's workers expect and deserve workplaces where their safety is assured, where they are treated fairly and where their physical and mental health is a priority. As the nature of work changes, and more work is part-time, contracted, or precarious, the ministry must continue to ensure the rights of Alberta workers are respected. Legislation, education, compliance and enforcement programs that ensure adequate health, safety and employment standards for Alberta workers must evolve as work evolves. The ministry is working to modernize Alberta's labour laws to ensure they are effective and family-friendly and include provisions for compassionate care. The ministry has also committed to engaging stakeholders as it works to improve income for minimum wage earners through the evaluation of Alberta's minimum wage. The ministry has invested significant effort in promoting a fair and balanced framework for collective bargaining that contributes to a stable labour relations environment.

In 2015-16, the ministry's revenues were $81.3 million, approximately $15.9 million more than the previous year. This is primarily due to a net increase in funding from the federal government of approximately $10.2 million. The majority of this funding supported the Canada-Alberta Job Fund agreement, which is intended to increase the participation of Albertans in the labour force and help them develop the skills necessary to find and keep meaningful long-term employment. The remaining federal funding supported the Labour Market Development Agreement and foreign credential recognition. In addition to the federal funding, the ministry's other revenue also increased by $5.7 million. This is primarily due to additional funding from the Workers' Compensation Board to support the Occupational Health and Safety program, the Workers' Compensation Medical Panels and the Appeals Commission for Alberta Workers' Compensation.

In 2015-16, the ministry's overall spending was $175.3 million, which was an increase of $26.8 million from the previous year. An increase of $19.0 million in the Workforce Strategies program was primarily due to expenses related to labour market programs, such as the Canada-Alberta Job Grant and investments in settlement services to support refugee resettlement, Alberta settlement agencies and organizations that support newcomers and municipalities. An increase of $2.3 million in Safe, Fair and Healthy Workplaces was primarily due to the delivery of the Occupational Health and Safety program. The ministry also experienced increased spending related to Ministry Support Services, which reflects the resources required to fulfil its operating and accountability requirements.

Within this context, the following sections outline the accomplishments of Labour in 2015-16.

Desired Outcome 1: Albertans have the skills demanded by Alberta's labour market

The ministry focuses on policy leadership, development of labour market information and targeted programs and services that support skills training for Albertans. It works with Albertans and employers to address skill mismatches and under-employment.

Key results and highlights during 2015-16 which support this outcome include:

- The Summer Temporary Employment Program (STEP) was successfully relaunched; and
- Over 11,000 training courses were approved through the Canada-Alberta Job Grant during the first full year.

Priority Initiative 1.1 Target skills training funds to support Albertans and their employers to ensure that programs are relevant and expected outcomes are achieved in collaboration with other ministries.

Canada-Alberta Job Grant (CAJG)

- The CAJG is a federal-provincial agreement with federal funding provided to Labour for the delivery of the program. The objective of CAJG is to train current and new employees with the skills required to not only improve employee performance in existing roles, but also to provide the skills required for future employment. Under the CAJG employers cover a minimum of one-third of direct training costs, such as tuition and books, and the CAJG contributes up to two-thirds, for a maximum of $10,000 per trainee.
- In 2015-16, over $16 million in funding was committed for almost 3,800 CAJG applications, resulting in over 11,000 training courses for Albertans.
- As part of the federal agreement, a full evaluation of the CAJG will be completed by March 2018.

Canada-Alberta Job Grant

	2014-15*	2015-16
Applications Received	1,286	5,316
Applications Approved	857	3,786
Number of approved training courses	3,189	11,144
Funds Committed	$4.4M	$16.5M

* The CAJG launched in October 2014.

- For information on the Canada-Alberta Job Grant, visit albertacanada.com/jobgrant.

Priority Initiative 1.2

Develop and administer workplace training and employment programs to assist Albertans in attaching to the labour force and maintaining employment and increasing employer engagement and investment in workplace training.

Summer Temporary Employment Program (STEP)

- In 2015-16, the Ministry of Labour reinstated and expanded STEP. The $10 million program will support employers by providing wage subsidies for over 2,600 student positions starting in summer 2016. STEP will help students gain valuable work experience while helping non-profit organizations, small businesses and other employers access a new workforce.

- Applications for STEP were accepted from January 25, 2016 to February 29, 2016 and the program was well received by employers across the province. Over 2,600 applications requesting STEP funding for student positions in summer 2016 were received by the February 29, 2016 application deadline. Ninety-six presentations to employers to promote the program and provide assistance on how to apply were held in 43 communities across the province during the application period.

Summer Temporary Employment Program (STEP)

	January 25 2016-February 29 2016
Applications received	2,614

- For the first time, STEP will be available to small businesses. This is an important expansion of the program at a time when having a job is top of mind for so many Albertans. STEP will also be open to participation from municipalities, First Nations and Métis settlements, not-for-profit groups, public libraries, school boards and publicly-funded post-secondary institutions.

- An evaluation of STEP is expected to be completed in December 2017, following a full year of program implementation.

- For information on the Summer Temporary Employment Program, visit albertacanada.com/step.

Priority Initiative 1.3

Contribute to the implementation of recommendations outlined by the Truth and Reconciliation Commission and the United Nations Declaration on the Rights of Indigenous Peoples.

- The ministry funds a number of projects and organizations that support the participation of Indigenous people in the workforce and that provide employment and training supports. These organizations include Women Building Futures, CAREERS: The Next Generation, Restaurants Canada and the Edmonton Police Service. For additional information, please see priority initiative 1.4 and 2.1 of this annual report.

- Additionally, the Summer Temporary Employment Program (STEP) includes funding for First Nations and Métis Settlements to help students gain valuable work experience.

Priority Initiative 1.4

Develop career awareness tools and targeted initiatives to support and assist all Albertans and, in particular, underrepresented groups, in being better prepared to fully participate in Alberta's economy.

- The ministry actively partners with different industry stakeholders to provide timely and relevant labour market information to support informed career planning and decisions to assist Albertans in being able to fully participate in Alberta's economy.

CAREERS: The Next Generation

- In partnership with other government ministries, Labour provided CAREERS: The Next Generation with $200,000 in November 2014, to raise awareness among youth regarding career options in 2015-16. CAREERS partners with communities, employers, industry and educational institutions across Alberta to help youth plan for employment in the trades, technology and health services. The funding partially supported the participation of approximately 62,000 youth in career awareness activities. Over 1,000 employers provided over 1,500 student internships, including over 125 internships for Aboriginal students. In November 2015, the organization was granted an additional $200,000 to continue to help youth plan for careers during the following year.

Forces@Work

- In December 2015, a new $645,000 grant was given to Prospect Human Services for a 29 month period for the Forces@Work placement program. The program provides transition supports for military-to-civilian careers by delivering job placement and employment retention support to individuals and employers. Eligible candidates for the program include any transitioning member of the Canadian Armed Forces including members, reservists, veterans and spouses. The program is expected to have more than 330 employment placements.

Priority Initiative 1.5

Develop and implement a new labour market information and intelligence system to support informed decision-making by Albertans, government, communities, training providers and employers.

Labour Market Information

- In 2015, the ministry released the Short-Term Employment Forecast 2015-17. Providing this information is part of the ministry's commitment to improving available labour forecasts to plan for the future. This forecast examines 467 occupations and ranks them in categories of high, moderately high, medium, and low demand. The goal is to develop more immediate-term forecasts to complement existing long-range forecasts. It is an effective tool for a variety of stakeholders and government to assist in labour force planning. The forecast helps to bridge the gap between what is currently happening in Alberta's economy and where the labour pressure points are expected to be longer term. It is a complementary tool to Alberta's Occupational Demand and Supply Outlook, which forecasts labour shortages for the next ten years. The Short-Term Employment Forecast and Alberta's Occupational Demand and Supply Outlook will be updated in Summer 2016 to address changing economic conditions.

- Data from these reports is used by post-secondary institutions to support program re-design, employers to support attraction and retention initiatives, the federal government as part of their provincial labour market information assessment, other government of Alberta ministries to inform program and policy decisions and other Canadians considering migrating to Alberta to find information on occupational prospects.

- In early 2016, the ministry released the 2015 Alberta Wage and Salary Survey. The survey is conducted every two years and results provide valuable wage and salary information to employers, labour organizations and governments on both Alberta in general and the eight provincial economic regions.

- The ministry also continued developing an Advanced Labour Market Analytics (ALMA) system, which will provide new insights and evidence by collecting labour market intelligence from business throughout the province to help government and employers understand and address current and future workforce challenges. Customizable data will focus on key policy issues of importance to employers and government. The project is expected to be completed in 2016-17.

Alberta Learning Information Service (ALIS) Modernization

- The alis.alberta.ca website, together with its related sub-sites, CAREERinsite, OCCinfo and MyWorkQuest, serve as Alberta's online gateway to career, learning and employment services and information. These sites provided comprehensive information to more than 3.2 million visitors in 2015-16 (compared to 4.2 million in 2014-15) and are widely used by Albertans. Over 60 per cent of ALIS visitors are under 25 years old.

- The ministry's labour market information Short-term Employment Forecast 2015-17 and 2015 Alberta Wage and Salary Survey were incorporated into OCCinfo information on occupations, educational programs and schools in Alberta.

- In 2015-16, the ALIS website was modernized to include a contemporary design, the use of multimedia, personalized content recommendations and the integration of an interactive tool that allows users to self-identify as a high school student, someone looking for work and other audience groups. The changes are expected to further assist Albertans in making informed plans and decisions.

- For more information visit alis.alberta.ca.

Alberta Learning Information Service (ALIS)

	2014-15	2015-16
Visits to ALIS	Over 4.2 million	Over 3.2 million
Visits to CAREERinsite	Over 71,000	Over 192,000
Visits to OCCinfo	Over 1.7 million	Over 1.4 million
Total Visits	Over 4.2 million	Over 3.2 million

Performance Measure 1.a

Interprovincial rank of Alberta's labour force participation rate

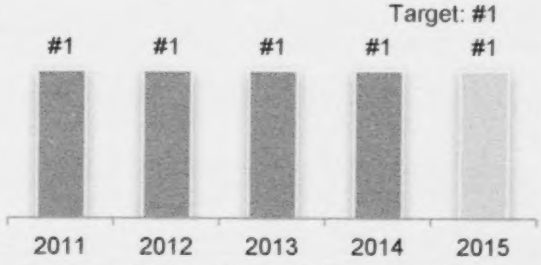
Target: #1 **Result: #1**

The labour force participation rate provides an indication of the relative size of the supply of labour available for the production of goods and services. Even with fluctuations in the economy, there are still industries where labour shortages exist. The interprovincial rank of Alberta's labour force participation rate measures Alberta's and the Ministry of Labour's effectiveness in addressing labour force needs relative to that of other provinces. A strong economy requires an active labour force.

The participation rate represents the percentage of the working age population that is either employed or actively seeking employment (unemployed.) With this performance measure, the rate for Alberta is compared to the nine other Canadian provinces.

At 73.0 per cent, Alberta had the highest labour force participation rate in Canada in 2015. The labour force participation rate for Alberta increased slightly in 2015, from 72.7 per cent in 2014. Alberta continues to rank number one among all Canadian provinces, with a participation rate 2.9 percentage points higher than number two-ranked Saskatchewan, where the participation rate was 70.1 per cent. Alberta's participation rate is significantly higher than the national labour force participation rate of 65.8 per cent.

Interprovincial rank of Alberta's labour force participation rate



Source: Statistics Canada Labour Force Survey

In 2008, the labour force participation rate was at its highest level in the past seven years, at 74.7 per cent. Labour works with other ministries, the federal government, business and industry to increase the labour force participation of Albertans, and in particular, underrepresented groups, to help meet the province's labour force needs. Results from this measure can be used to formulate employment policies, determine potential training needs and inform the development of targeted programs.

Performance Indicator 1.a

Labour force participation rate of:

- All Albertans
- Aboriginal Albertans living off-reserve
- Alberta's immigrant population
- Alberta youth (aged 15-24)

	2011	2012	2013	2014	2015
All Albertans	73.6%	73.6%	73.1%	72.7%	73.0%
Aboriginal Albertans living off-reserve	67.5%	71.0%	71.9%	72.2%	70.7%
Alberta's immigrant population	70.2%	70.1%	68.4%	69.9%	70.4%
Alberta youth (aged 15-24)	69.9%	68.2%	67.9%	67.4%	68.6%

A strong economy requires an active labour force. The labour force participation rate provides an indication of the relative size of the supply of labour available for the production of goods and services. This performance indicator helps to show areas where Alberta's labour force may not be as strong and can be used to formulate employment policies, determine potential training needs and inform the development of targeted programs.

The participation rate represents the percentage of the working age population that is either employed or actively seeking employment (unemployed.)

All Albertans

Alberta's labour force participation rate increased slightly in 2015 to 73.0 per cent from 72.7 per cent in 2014. This reverses a mild declining trend that had occurred over the past few years. Alberta continues to rank number one among all Canadian provinces with a participation rate 2.9 per cent higher than number two-ranked Saskatchewan where the participation rate was 70.1 per cent and significantly higher than the national labour force participation rate of 65.8 per cent.

Aboriginal Albertans living off-reserve

The labour force participation rate for Indigenous Albertans living off-reserve decreased in 2015, moving from 72.2 per cent in 2014 to 70.7 per cent in 2015. In 2014, the labour force participation rate for Indigenous Albertans living off-reserve was at its highest rate in the last five years. Alberta compared positively to other Canadian provinces and ranked number three in 2015 behind Prince Edward Island (83.6%) and New Brunswick (70.8%.)

Alberta's immigrant population

The labour force participation rate for landed immigrants in Alberta increased in 2015 to 70.4 per cent from 69.9 per cent in 2014. In 2015, labour force participation rate for landed immigrants was at its highest level in the past six years. Alberta compared positively to the other Canadian provinces and ranked number two in 2015 behind number one ranked Saskatchewan (73.1%) and ahead of number three ranked Manitoba (69.5%.)

Alberta youth (aged 15-24)

The labour force participation rate for Alberta youth aged 15-24 increased in 2015 to 68.6 per cent from 67.4 per cent in 2014. This reverses a mild declining trend that had occurred over the past few years. Alberta compared positively to other Canadian provinces and ranked number two in 2015 behind number one ranked Prince Edward Island (69.4%.)

Desired Outcome 2: Alberta is able to attract and retain a skilled, resilient and productive workforce

Alberta workers and employers have faced significant challenges due to the recent economic downturn. Despite the economic downturn, some employers continue to have difficulty finding and retaining workers at all skill levels. Supporting employers in attracting and retaining qualified workers is crucial to building the skilled workforce that is needed to build the economy. The ministry focuses on programs and services that prepare Albertans to get back to work and train or retrain for available jobs.

The ministry works to increase the labour force participation of all Albertans who are willing and able to work and address lower employment rates for underrepresented groups. It provides policy leadership, develops labour market information and targets programs and services that support skills training and retention for Albertan workers. It also works with employers and Albertans to address skill mismatches and under-employment.

Key results and highlights during 2015-16 which support this outcome include:

- Coordinating the settlement of almost 3,400 Syrian refugees in Alberta; and
- The oversubscription of the Alberta Immigrant Nominee Program was addressed through targeted initiatives by the ministry.

Priority Initiative 2.1

Improve participation in Alberta's workforce, particularly among underrepresented groups.

- The ministry actively partners with different industry stakeholders to support a number of projects aimed at increasing labour force participation amongst underrepresented groups.

Women Building Futures (WBF)

- The department provided more than $1,200,000 in new grant funding to Women Building Futures to support the delivery of programming that helps women develop careers in construction trades. The funding term is for one year beginning in December 2015 to support attraction, assessment and training. WBF also engages with Indigenous organizations to increase awareness of opportunities in the trades. As a result of the funding, it is expected that over 6,800 women will attend sessions to learn about careers in trades, nearly 600 women will undergo a full assessment of their readiness for training and employment success, 150 women will complete pre-training readiness workshops and over 100 women will participate in training. In addition, approximately 150 Aboriginal women will take part in the four week academic essentials program.

Food Services Labour Connections Pilot Project

- In 2015-16, Restaurants Canada received $150,000 from the ministry to pilot the Food Services Labour Connections pilot project for the period of April 2015-May 2016. Restaurants Canada and employment, training and career service providers in the Edmonton area are collaborating to provide underrepresented populations with opportunities to obtain employment in the foodservice industry. As a result of this project, 110 participants found jobs in 2015-16.

MyWorkQuest.alberta.ca

- Alberta's youth (aged 15-24 years) unemployment rate (10.7 per cent in 2015) is approximately double that of adults (age 25+.) The unemployment rate for Indigenous and immigrant youth, as well as those with disabilities is even higher. With efforts to encourage awareness, confidence, employment planning and work readiness among youth, progress can be made in getting youth into Alberta's labour market.
- In December 2015, as part of a multi-ministry collaboration between Labour, Human Services, Education and Advanced Education, the government launched MyWorkQuest, a website that helps young Albertans transition from education to employment.

MyWorkQuest.alberta.ca

	December 2015-March 2016
Total Visits	Over 16,500

- MyWorkQuest uses videos, images and text to provide youth-focused career advice in an engaging, mobile-friendly, question-and-answer format. Information and advice is grouped into three categories: Look for Work, Explore Careers and Succeed on the Job. Youth can submit new questions via email and are also encouraged to contact the Career Information Hotline, a confidential toll-free telephone service able to provide personalized advice.
- From December to March, MyWorkQuest received over 16,500 visitors with over 36,500 page views. Of those visits, 59% were from mobile or tablet devices, indicating that the site has been successful in making its information easily accessible away from a desk or classroom setting.

Priority Initiative 2.2

Encourage job creation through the Job Creation Incentive Program and by connecting Alberta employers to the programs and services that support their role as job creators and the builders of a skilled workforce.

Job Creation Incentive Program (JCIP)

- During the year, work began on the design of a Job Creation Incentive Program. Responsibility for JCIP transferred to the Ministry of Economic Development and Trade in December 2015 following the establishment of that ministry. As a result of feedback, the Ministry of Economic Development and Trade redirected the JCIP investment into other job creation measures.

Connecting Alberta Employers

- To connect with employers, ministry staff manage an email subscription service to over 3,100 Alberta employers. Of that, 64 per cent are small employers (99 employees or less), 16 per cent are medium employers (100-499 employees) and 13 per cent are large employers (500+ employees) spread across the province. The remaining seven per cent are industry associations, partners and internal government contacts. The service provides monthly emails on topics relevant to employers and industry associations such as: news, best practices, program changes, updated information and invitations to webinars for more direct engagement on key topics. Examples of topics covered over the past year include:
    - minimum wage,
    - the Canada-Alberta Job Grant,
    - the Summer Temporary Employment Program (STEP),
    - an HR series of publications,
    - the Canada Job Bank,
    - innovative projects,
    - success stories, and
    - labour market information.
- Responses are monitored and used to improve communication on an ongoing basis. For more information on the email subscription services visit the ministry's Opportunity Alberta web portal, albertacanada.com/opportunity.

Priority Initiative 2.3

Leverage targeted attraction and retention strategies and the implementation of labour mobility priorities to assist Alberta employers in supplementing their workforce. Further address productivity through targeted work with employers to increase workplace essential skills.

Alberta's Approach to Immigration

- The Alberta Immigrant Nominee Program (AINP) provides an opportunity for the province to retain work-ready migrants. Individuals nominated by the Government of Alberta can apply to the federal government to become permanent residents. The federal government provides the AINP with a yearly allocation of nomination certificates available to issue. Since 2013, the yearly allocation has been 5,500 certificates.
- In 2015, the AINP issued 5,500 nomination certificates resulting in 11,365 individuals (nominees along with their spouse/common law partner and dependent children) having the opportunity to become permanent residents of Canada.

Alberta Immigrant Nominee Program (AINP)

	2012	2013	2014	2015
# of Applications	3,913	12,047	10,369	4,214
# of Applications Assessed*	4,460	6,488	6,501	8,835
# of Certificates Issued	3,981	5,540	5,514	5,500
# of Individuals	9,488	11,968	11,886	11,365
# of Nominees Landed**	3,573	3,655	4,934	4,702
# of Individuals Landed**	9,306	8,817	10,804	10,013

* Applications are not always assessed in the same year they are received.

** Nominees do not always land in Alberta in the same year the certificate was issued.

- Beginning in 2013, the AINP became oversubscribed as each year demand for the program exceeded the 5,500 nomination certificates provided to Alberta by the federal government. Contributing to the increase in the number of AINP applications were changes to federal immigration policies in 2013 and 2014 which included: limiting eligibility to federal programs, the 2013 introduction of temporary AINP application categories and criteria changes to the AINP international graduates category.

- Two major activities that were undertaken in 2015-16 to address the oversubscription were:

    - The Pre-Nomination Initiative which was implemented in cooperation with the federal government to enable select applicants to extend their work permits and remain eligible for a nomination in 2016. Prior to this initiative, many applicants, who had reached the federally mandated four-year limit to stay in Canada, became ineligible for a nomination after their work permits expired due to the long wait times. In 2015-16, 1,194 applications were reviewed to identify 588 applicants that met the criteria for the initiative.

    - The ministry also temporarily stopped accepting new applications to address the backlog of applications and to reduce wait times for applicants. During the program pause, the AINP reduced the number of applications waiting to be assessed by nearly half (from 8,879 applications to 4,673 applications and reduced wait times for most applicants to between two and six months. The AINP re-opened to new applications on January 27, 2016.

Syrian Refugee Settlement

- In response to the federal announcement that 25,000 Syrian refugees would be arriving in Canada by the end of February 2016, the Alberta government took a coordinated approach to address the needs of refugees and the communities in which they were arriving. The province worked closely with federal, municipal and community partners to understand community capacity and address concerns. Alberta welcomed 3,395 Syrian refugees between November 2015 and April 1, 2016.

Number of Syrian Refugees Settled in Alberta
3,395

- Some of the challenges faced in resettling a relatively large number of refugees in a short period of time included finding adequate affordable housing, timely access to language training, acute health issues and accommodating a large influx of new English as a Second Language (ESL) learners into the K-12 school system. Community forums were held across Alberta to develop a coordinated response that builds on the strengths and resources that already exist in our communities.

- A $1 million Refugee Resettlement Grant Initiative was developed to help address service delivery and programming gaps and challenges identified through the community forum process. Labour received more than 60 applications and 9 grants were approved. Some of the initiatives that received support are ESL drop-in classes, translation services of mental health information, donation management and education seminars for professionals working with newcomers and refugees.

Language and Settlement Supports

- The Integrated Service Program (ISP) is co-managed by the ministry and Immigration, Refugees and Citizenship Canada (IRCC) and provides funding to 17 non-profit agencies to support the successful settlement and integration of newcomers to Alberta. In 2015-16, the number of clients served through funded agencies increased by approximately 18 per cent, from approximately 33,000 in 2014-15 to 39,000 in 2015-16. ISP services and activities increase the ability of newcomers to access opportunities, services and resources in their communities, as well as to enhance their labour market participation and economic independence. Immigrants continue to face challenges with economic integration and social connections and these continue to be areas of focus.

Integrated Service Program

	2013-14	2014-15	2015-16
# of Participants	29,000	33,000	39,000

- The ministry's Language Assessment Services program assesses English language skills for newcomers and provides information and counselling for language and skills training options to help newcomers secure jobs and stay employed. Almost 21,000 Albertans received these language assessment services in 2015-16, which is consistent with the number of clients served in 2014-15 of just over 21,000 Albertans. However, this number is expected to increase due to the increasing number of newcomers, including refugees, arriving in Alberta in 2016-17.

- The Language Training Program Innovation Fund continued to support the community in 2015-16 by funding projects to help immigrants' integrate into the labour market. Over $931,000 was provided to fund 15 projects in 2015-16 compared to over $661,000 to 11 funded projects in 2014-15. A portion of funding was provided through the Canada-Alberta Job Fund.

Language Training Innovation Fund

	2014-15	2015-16
Funding provided	Over $661,000	Over $931,000

- The Language Training Innovation Fund also supports projects with new approaches that help adult language learners develop the language skills they need. Projects delivered in 2015-16 included online learning, supports for ESL literacy and workplace-specific language needs. For example, Education Language Training for Environmental Occupations is funded through the Innovation Fund. It is a partnership project that bridges internationally educated professionals to closely matched occupations. The program runs for 16 weeks and develops communication skills, intercultural competencies and occupation-specific language training. Fifty per cent of the learners in the course found employment in their field and another 21 per cent continued onto further post-secondary training.

- Over $696,000 in funding was provided to ESL drop-in centres in 2015-16 to deliver ESL supports to newcomers who are unable to access regular ESL programming for a variety of reasons including scheduling constraints, ineligibility, limited income or wait lists. Approximately 1,600 learners received services in 2015-16, compared to 1,500 in 2014-15. The number of learners receiving services is expected to increase in 2016-17 as refugees begin to seek ESL services.

- Bridge to Leadership is a training program that uses a blended online learning tool that combines language, cultural training and essential skills to bridge immigrants to supervisory jobs. This enhances the opportunity for job advancement among immigrants and, in turn, provides employers with a new training tool to use with their employees. Three companies have used this program to train employees under the Canada-Alberta Job Grant.

- International workers employed and living in the community are contributing to Alberta's economy but may need support in adjusting to living in Alberta. Temporary Foreign Worker (TFW) Support Services provides funding to immigrant settlement agencies to help support TFWs' transition into living and working in Alberta. Specific community orientation information is given to TFWs on how to access health care and community services, schools for children, housing, laws and other information necessary to adapt to life in Alberta. While in 2014-15 an estimated 6,000 clients were served, service levels returned to a normalized volume of approximately 4,200 clients in 2015-16. In 2014-15, changes to the TFW program, introduced by the federal government, resulted in increased demand for information, support and resources from TFWs. The 2015-16 levels are in line with 2013-14 levels.

- Labour also provides pre-arrival information on living and working in Alberta and the pathways to permanent residence to potential newcomers and foreign workers. This is delivered through the Immigrate to Alberta Information Service by telephone, email, online through AlbertaCanada.com/opportunity and via select in-person or virtual presentations in cooperation with our partners.

Labour Attraction

- With the downturn in the economy, the Alberta government's focus is on ensuring Albertans are actively engaged in the workforce and there are permanent workers in permanent jobs. Consequently, in 2015-16, Labour focused less on international attraction strategies than in previous years when there were labour shortages. However, it is important that the ministry maintain labour attraction efforts so that the province is well positioned to respond to labour market demands as the economy recovers and more workers are needed.

Labour Mobility

- In 2015-16, the ministry continued to lead the implementation of labour mobility provisions Alberta's domestic trade agreements (the Agreement on Internal Trade and the New West Partnership Trade Agreement.) These agreements ensure that out-of-province certified workers are able to practice their occupation in Alberta without any unnecessary barriers or restrictions. Between January and December 2015, the Alberta Labour Mobility Survey found that 31,079 Alberta applicants and 8,866 out-of-province applicants (excluding trade occupations) applied for certification to practice their occupation in Alberta compared to 32,599 Alberta applicants and 10,298 out-of-province applicants in 2014. At the Canadian level, a checklist for Professional Regulatory Organizations (PROs) was developed to assist regulators in aligning their registration and certification practices with the labour mobility obligations of domestic trade agreements.

Priority Initiative 2.4 Develop and implement initiatives to strengthen the recognition of qualifications of workers coming from outside Alberta, including increasing the capacity of professional regulatory organizations.

Foreign Qualifications Recognition

- Three Foreign Qualifications Recognition Fund (FQR) stakeholder forums were held in 2015-16, compared to two in 2014-15, engaging close to 200 stakeholders (300 in 2014-15) to identify and undertake actions to improve FQR practices in Alberta. The forums were expanded this year to include a focused session with trade industry partners. The forums focused on enhancing employer engagement, expanding professional regulatory organizations' capacity to streamline pathways to professional certification, supporting the design of streamlined bridging programs for internationally training individuals and strengthening communication and linkages among key stakeholders.

- With funding of $2.4 million from both Labour and the federal government (under the Employment and Social Development Canada FQR Contribution Agreement), an additional 22 new FQR Innovation Fund projects were initiated by stakeholder groups in 2015-16. The projects aim to improve the licensing and employment outcomes for internationally trained individuals. Specific tools and resources such as online learning, mentorship programs and cultural integration supports all contributed to improving labour market success for skilled immigrants in Alberta.

- Recognition of international educational credentials was provided by the ministry's International Qualifications Assessment Service (IQAS), which issued 10,137 assessment certificates in 2015-16, representing a 6 per cent increase from the number of certificates issued in 2014-15. IQAS plays an important part in supporting the recognition of international education by helping immigrants access the Alberta job market, educational institutions and Professional Regulatory Organizations (PROs.)

International Qualifications Assessment Service (IQAS)

	2014-15	2015-16
Certificates Issued	9,566	10,137

- In August 2015, IQAS was designated by the federal government to provide international educational credential assessments for immigration purposes. Alberta is the only province in Canada that holds this designation which provides the government with the opportunity to act as a first point of contact with future immigrants to Alberta. In 2015-16, IQAS issued 1,186 immigration assessments which asses the foreign credentials of prospective Albertans.

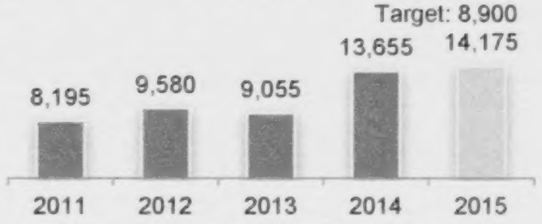
Performance Measure 2.a

Number of principal economic applicants that choose Alberta as their destination

Target: 8,900 **Result: 14,175**

Even with high numbers of unemployed workers, Alberta still needs immigration to address issues such as skills mismatches. Some Alberta employers have continued to face challenges in finding workers with required skill levels and in high-demand occupations. Immigrants help to address labour shortages in specific sectors and add diversity, innovation and entrepreneurship to the labour force. The number of principal economic applicants that choose Alberta as their destination provides an indication of Alberta's ability to attract and retain a skilled, resilient and productive workforce.

Number of principal economic applicants that choose Alberta as their destination



Source: Immigration, Refugees and Citizenship Canada (Public Data Cubes)

In 2015, Alberta welcomed 14,175 principal economic applicants, a 3.8 per cent increase over the 13,655 applicants it welcomed in 2014. This exceeded the target of 8,900 applicants. The principal economic applicant refers to the person who was approved to enter Canada based on an assessment of their education, work experience and language ability. It does not include their spouse or dependent children. The year-over-year increases in 2014 and 2015 were attributed to changes in the number of landings of principal economic applicants across immigration categories. In 2014, permanent landings of principal economic applicants were either unchanged or had increased in all immigration categories except the Skilled Workers category. In 2015, year-over-year increases were observed in the Skilled Workers, Skilled Trades and Caregivers categories.

To attract immigrants, the provincial government promotes Alberta as a safe and prosperous place to live, work and raise a family. Working with federal and community partners, Alberta has been working to improve settlement services to immigrants and their families. Ensuring immigrants have the ability to be full participants in Alberta society increases the likelihood that they will choose to remain in the province.

Non-economic immigrants, for example, individuals migrating under the family class (e.g. parents and grandparents) and those migrating for humanitarian reasons (e.g. refugees) are not included in this measure.

Due to changes in federal immigration reporting, beginning in 2016-17, this measure will be replaced with the number of immigrants to Canada through the Provincial Nominee Program who choose Alberta as their destination. The new measure will include the principal applicant, spouse and dependent.

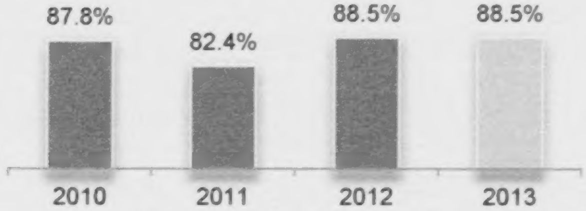
Performance Indicator 2.a

Percentage of Alberta Immigrant Nominee Program nominees who report that they are still residing and working in Alberta one year after obtaining permanent residency

The proportion of Alberta Immigrant Nominee Program (AINP) nominees who are still residing and working in Alberta one year after obtaining permanent residency is one indicator of Alberta's ability to retain a skilled, resilient and productive workforce. It demonstrates the program's success in retaining work-ready people in Alberta to help meet the province's unique labour market needs.

Each year, the ministry conducts a one-year post-landing survey of AINP nominees. To allow for one year to have passed from the date the nominee obtained permanent residency and to allow time for the survey to be conducted, AINP nominees that landed in 2013 were surveyed in 2015. In 2015, 2,949 of the 3,314 nominees who landed in Alberta in 2013 were sent the survey and 1,857 responded to the survey. 88.5 per cent of nominees (1,644) who responded to the survey reported that they were still residing and working in Alberta. There is a 95 per cent certainty that the results are accurate within +/- 1.4 per cent.

Percentage of Alberta Immigrant Nominee Program nominees who report that they are still residing and working in Alberta one year after obtaining permanent residency



Source: Alberta Immigrant Nominee Program One-Year Post-Landing Follow-up Survey

The 2013 result of 88.5 per cent is consistent with the results achieved in previous years. Nominees who have remained in Alberta at least one year after landing are more likely to have become economically and socially established in Alberta, be integrated into their communities, and become long-term contributors to the economy. The results from the post-landing survey are used to inform programming decisions for the AINP to ensure it contributes to the development of a skilled, resilient and productive labour force that supports a diversified economy for Alberta. For example, the data is used to update AINP nomination streams and to confirm the individuals nominated address Alberta's labour force requirements.

Desired Outcome 3: Alberta has safe, fair and healthy workplaces

All Alberta workers have the right to a safe, fair and healthy workplace. Alberta's workplace legislation, policies and programs ensure that employees and employers are treated fairly, provide a balanced framework for collective bargaining and help keep workers safe. The ministry promotes preventative actions, regulates employers and workers and monitors Alberta's workplaces to ensure employers and workers are informed of their workplace rights and responsibilities, including labour relations, occupational health and safety and employment standards. It encourages positive relations through effective communication, education, enforcement and dispute resolution. Safe, fair and healthy workplaces contribute to labour productivity, improve the quality of life for Albertans, and make Alberta a more attractive place to live and work.

Key results and highlights during 2015-16 which support this desired outcome include:

- Alberta's minimum wage was increased to $11.20 per hour; and
- The introduction of legislation to respect public sector workers' bargaining rights, while maintaining essential services.

Minimum Wage

- Alberta's general minimum wage increased by one dollar per hour to $11.20 on October 1, 2015. The liquor server minimum wage increased one dollar and 70 cents to $10.70. Prior to this change, Alberta's minimum wage was among the lowest in the country, despite increases in costs of living. The government is monitoring business confidence and overall economic conditions and will consider these factors when contemplating any future increases to the minimum wage.

Alberta's Minimum Wage

Effective October 1, 2015	
General Minimum Wage	$11.20
Liquor Server Minimum Wage	$10.70

Priority Initiative 3.1

Improve the ability to identify workplace trends and continuously improve occupational health and safety and employment standards policy, legislation and programs.

- The OHS Futures – Research Funding Program enables OHS programs to have current and relevant scientific information to support decision-making. During the second full year of operation, $747,405 was provided to fund seven research projects in 2015. The program funded a variety of projects, including:
    - An evaluation of the "Its's Your Move" program which is designed to reduce musculoskeletal disorders among healthcare workers in Alberta;
    - An examination of the causes of occupational back pain and an assessment of potential preventative measures;
    - An examination of the occurrence of musculoskeletal injuries among police officers and the correlation between the occurrence of injuries and level of fitness;
    - An assessment of the effects of workplace exposure to flour on the respiratory health of bakers;
    - A project to assess the impact of welding on the human respiratory system;
    - A project designed to develop a new method of measuring welders exposure to welding fumes; and
    - An examination of the effects of welding, electrical trades or metal working jobs on women's health and fertility and on male welder's health.

Priority Initiative 3.2

Ensure Alberta's labour legislation and policies remain effective, efficient, relevant and provide effective dispute resolution services.

Essential Services

- The Ministry of Labour took important steps in 2015-16 to ensure that legislation protects Albertans' access to public services while respecting public sector workers' bargaining rights, and to comply with previous court rulings. The government held extensive consultations with Alberta's public sector employers and unions throughout the fall of 2015 to understand Albertans' needs and concerns. Albertans were also invited to express their views in an online survey.

What is an essential service?

Essential services are those public services that if interrupted would endanger the life, personal safety or health of the public, or that are necessary to the maintenance and administration of the rule of law and public security.

- As a result of these actions, Bill 4, *An Act to Implement a Supreme Court Ruling Governing Essential Services*, was introduced in early 2016. The law will modernize two key Alberta labour laws to reflect rulings by the Supreme Court of Canada and the Court of Queen's Bench of Alberta. Both courts found Alberta's public sector strike prohibitions interfere with collective bargaining.

- The law was designed to be fair to unionized employees, employers and the general public, and will ensure the public continues to have access to vital public services in the event of a labour dispute. The proposed legislation will apply to unionized employees of the following:
    - Government of Alberta employees;
    - Employees of agencies, boards and commissions;
    - Non-academic staff at post-secondary institutes;
    - Employees of Alberta Health Services; and
    - Employees of other approved hospitals (can include continuing senior care facilities, health centres and religious-based hospitals.)

Collective Bargaining

- The labour relations environment in Alberta continued to be stable in 2015-16. During the year, 99.4 per cent of collective bargaining agreements were achieved without a work stoppage, compared to 100% the previous year. Of the 333 collective agreements (355 in 2014-15), 331 were negotiated by the parties without a work stoppage (331 in 2014-15.)

- There were only two work stoppages during the year. In Alberta, mediation is mandatory prior to parties having the ability to strike or lockout. In 2015-16, the number of collective bargaining negotiations that required the assistance of a ministry appointed mediator increased considerably compared to the previous three year period. There were 142 mediation appointments in 2015-16, compared to 108 in 2014-15, representing a 31 per cent increase. Of the 89 mediations (92 in 2014-15) that were concluded in the year where a ministry-appointed mediator was engaged to assist the parties in their negotiations, 87 were settled without a work stoppage (91 in 2014-15, where there was one work stoppage that year that ended with the loss of collective bargaining rights, i.e. no collective bargaining agreement was reached.) As the number of settlements did not show an increase, this indicates that some disputes are remaining in mediation longer than expected.

Collective Bargaining

	2013-14	2014-15	2015-16
Percentage of collective bargaining agreements achieved without a work stoppage	97.1%	100%*	99.4%
Mediation appointments	84	108	142
Number of mediations concluded where a ministry-appointed mediator was engaged to assist the parties in their negotiations	85	92	89
Number of mediations with a ministry-appointed mediator that were settled without a work stoppage	80	91*	87

* There was one work stoppage that year that ended with the loss of collective bargaining rights, i.e. no collective bargaining agreement was reached.

Priority Initiative 3.3

Improve the delivery of employment standards to Albertans with a focus on providing quality, timely and fair services.

- In 2015-16 over 5,400 employment standards (ES) claims were received, reflecting a 15 per cent increase from the 2014-15 result of 4,700 claims. These investigations resulted in over $4.68 million in unpaid earnings being recovered from employers on behalf of Alberta employees, compared to $4 million in 2014-15.

Employment Standards

	2014-15	2015-16
Claims received	4,700	5,400
Unpaid earnings received from employers	$4 million	$4.68 million

Priority Initiative 3.4

Develop a comprehensive strategic framework for injury and illness prevention, in collaboration with partners and other government ministries.

- Partnerships in Injury Reduction is a voluntary program in which employer and worker representatives work collaboratively with government to build effective health and safety management systems. By improving health and safety, the social and financial costs of workplace injury and illness are reduced.

- At the end of 2015-16, there were 11,059 active employer Certificate of Recognition (COR) holders. This is an increase of six per cent from the 10,426 CORs active at the end of 2014-15. A COR is awarded to employers who develop health and safety programs that meet established standards. A COR shows that the employer's health and safety management system has been evaluated by a certified auditor and meets provincial standards.

- In 2015, COR holders had fewer injuries and returned injured workers to the workplace sooner, as measured by the loss ratio calculated by the Workers' Compensation Board – Alberta. The loss ratio compares the claim costs of a group of employers to the premium they paid. COR holders consistently and significantly out-performed non-COR holders with a loss ratio 35.1 per cent lower than non-COR holders. Additionally, the loss ratio for COR holders averaged 34.5 per cent lower than non-COR holders over the 2010 to 2015 period. This is significant as COR holders typically operate in industries with greater hazards (e.g. construction, oil and gas, forestry, trucking, etc.)

Priority Initiative 3.5

Improve workplace compliance with occupational health and safety legislation by enhancing evidence-based proactive program initiatives, while balancing education and enforcement activities.

Occupational Health and Safety Inspections

- In 2015-16, over 9,500 inspections and re-inspections were conducted, compared to over 9,600 in 2014-15, resulting in the issuance of over 9,000 Occupational Health and Safety (OHS) orders (over 10,000 in 2014-15) to employers to meet and comply with safety and/or health standards as set out in the *Occupational Health and Safety Act*, Regulation and Code.

- In addition, 11 prosecutions for the most serious OHS infractions were undertaken with fine amounts ranging from $3,000 to $300,000 and totaling $1,5 million. In 2015, 31 charges were laid against employers under the *Occupational Health and Safety Act*, compared to a total of 13 in 2014. Charges and fines are laid within two years from the incident occurring. The number of charges laid is dependent upon a number of factors including the number of serious incidents that occur. The government has increased the number of prosecutors who are available to review OHS files.

- Corporate probation was introduced as a sentencing tool for OHS prosecutions in 2015. This new tool goes beyond monetary penalties and calls for action from employers that can have an impact on cultural change beyond paying fines. In 2015, corporate probation was used a total of five times. Community service was used for the first time against an employer for an OHS conviction in 2015.

Proactive Occupational Health and Safety Initiatives

- In 2015-16, the ministry implemented proactive programs to identify employers most in need of OHS attention, resulting in a 30 per cent increase in the number of proactive inspections.

- 2015-16 was the third and final year for the Sand and Gravel Proactive Inspection Program. The inspection program was initiated due to poor performance within the sector. It was designed to proactively assess Sand and Gravel Operators compliance with OHS legislation over a three year period and provide feedback to employers and industry for improved performance. Over the course of the initiative, the number of orders written, per inspection, decreased by 20 per cent.

- To enhance employer awareness of their responsibility to protect the health and safety of their workers, heighten awareness of existing health and safety rules and gain a better understanding of the level of compliance within the industry, a proactive inspection program targeting fuel and convenience retailers was launched in late February 2016 and will conclude in June 2016.

Priority Initiative 3.6 Promote safe, fair and healthy workplaces that support a positive workplace culture through improved knowledge, attitudes and behaviours.

Work Safe Alberta

- Work Safe Alberta is a government-led initiative in consultation with industry and labour to help prevent work-related injuries, illnesses and fatalities. During the year, the ministry released three new occupational health and safety best practice handbooks: Hazard Assessment and Control: a handbook for Alberta employers and workers; Leading Indicators for Workplace Health and Safety: a user guide; and Supervisor Roles and Responsibilities: an occupational health and safety handbook. All three have been very popular with almost 25,000 hard copies distributed in 2015 and almost 1,300 unique online accesses.

- Three Work Safe Alberta awards were given out for 2015 to recognize excellence in the field of occupational health and safety.

Work Right Awareness Campaign

- Following the successful launch of Work Right in 2014, the department ran a seven-week campaign from January to March 2016, with the main objective to re-introduce Work Right to Albertans. The campaign sought to promote website traffic and engage Alberta workers and employers in learning about their workplace rights and responsibilities. During the campaign period, the Work Right website received almost 70,000 total visits.

- Work Right, is a joint occupational health and safety and employment standards awareness campaign that encourages workers and employers to question their knowledge and learn more about their rights and responsibilities and to find out more about rules that apply to them. The overall goal of the campaign is to promote safe, fair and healthy workplaces through a willing culture of compliance. For more information visit, workright.alberta.ca.

Occupational Health and Safety Innovation and Engagement Grants Program

- In 2015-16, the ministry launched the Occupational Health and Safety Innovation and Engagement Grants Program to support external organizations undertaking prevention activities that will improve workplace health and safety culture and prevent workplace injuries, illness and fatalities through awareness and education and by stimulating action. Almost $500,000 in funding was distributed to non-profit organizations leading projects that raise OHS awareness, increase OHS knowledge and stimulate positive OHS Actions.

OHS Innovation and Engagement Grants Program

Applications	2015-16	Recipients by Region	2015-16
Received	38	Calgary	7
Approved	20	Edmonton	10
Funds Allocated	$498,113	North	1
		South	2

Temporary Foreign Worker Advisory Office

- The Temporary Foreign Worker Advisory Office (TFWAO) works with government and non-government partners to assist in the protection of Temporary Foreign Worker (TFW) rights, educate TFWs and employers on their responsibilities and provide support to resolve situations involving unfair, unsafe or unhealthy working conditions.
- In April 2015, many TFWs reached the four year maximum for the amount of time they were legally eligible to remain in Canada. This factor, combined with stricter federal penalties for companies not compliant with TFW rules and the down turn in the economy, resulted in a decreased number of TFWs entering and staying in Alberta.

Temporary Foreign Worker Advisory Office (TFWAO)

	2014-15	2015-16
# of clients	4,500	3,300
# of outreach presentations	62	57
# of referrals made by the TFWAO	5,400	4,000

- As expected, the number of TVWs accessing Advisory Office services decreased in 2015-16 compared to 2014-15. In the 2015-16, fiscal year, the Advisory Office provided information to approximately 3,300 TFWs (down from 4,500 TFWs in 2014-15) and other stakeholders through a combination of one-to-one appointments and 57 Outreach presentations (compared to 62 in 2014-15) across Alberta. In 2015-16, the Advisory Office made over 4,000 enforcement and non-enforcement referrals to provincial, federal and non-profit partners regarding TFWs' concerns, compared to almost 5,400 referrals in 2014-15. However, while fewer TFWs accessed the Advisory Office, the complexity of issues presented by clients has significantly increased.

Priority Initiative 3.7

Incorporate the farm and ranch sector into Alberta's labour laws to ensure farm and ranch workers enjoy the same protections as workers in all other sectors.

- Bill 6, the *Enhanced Protection for Farm and Ranch Workers Act*, was passed in December 2015.The law was designed to ensure that wage-earning non-family farm and ranch workers in Alberta have the same basic protections that other workers in the province have received for decades.

- Changes include:

    - Ensuring farms and ranches are subject to Occupational Health and Safety legislation to prevent farm and ranch incidents that can result in injury or death. Farms and ranches with at least one waged, non-family worker are now covered by the basic health and safety standards set out in the *Occupational Health and Safety Act* and regulation. Detailed technical health and safety rules such as found in the Occupational Health and Safety Code will initially not apply to farm and ranch worksites.

    - Providing Workers' Compensation Board insurance coverage so that workers can continue to support their families if they are injured on the job and protecting farm and ranch owners against the liability of workplace injuries and illness.

    - Including farm and ranch workers in Employment Standards and Labour Relations legislation.

- Farm and ranch workers were protected by the *Occupational Health and Safety Act* and regulations beginning January 1, 2016. Workers' Compensation Board coverage for paid farm and ranch workers also became mandatory as January 1, 2016.

- Changes to Alberta's Employment Standards and Labour Relations legislation will come into effect in fall 2017, following consultations with industry regarding exemptions that may be needed for unique circumstances, such as seeding or harvesting.

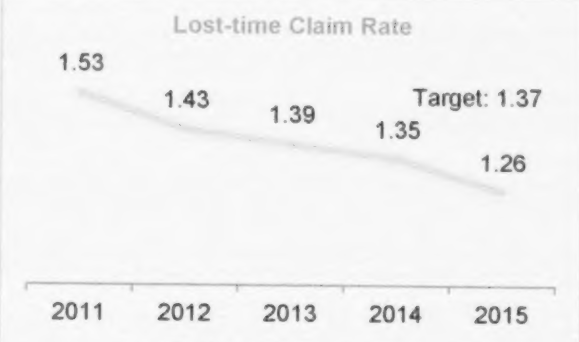
- There was a strong public reaction to the introduction to Bill 6, reinforcing the need for Labour to meet expectations for fulsome discussion with stakeholders.

Performance Measure 3.a

Lost-time claim rate: Number of lost-time claims per 100 person-years worked

Target: 1.35 Result: 1.26

Levels of safety in Alberta as measured by the lost-time claim rate (LTCR) improved in 2015. The LTCR decreased to 1.26 in 2015 from 1.35 in 2014. With the exception of 2011, the LTCR has seen a definitive decrease since 2007. There are many factors that influence the LTCR, including efforts by employers to implement safety programs, attitude of employers and workers and external forces arising from the economic cycle. For example, economic prosperity usually brings a large number of inexperienced workers into workplaces. Some research findings indicate that injury severity, a worker's physical workload, as well as the employer's insurance premium rate may play a role when it comes to time loss.



Source: Workers ' Compensation Board

In addition to these external factors, Labour has many workplace initiatives that contribute towards the result of this measure. Labour strives to focus on employers who have high rates of injury and disease, and works with them to improve performance and their safety management systems.

	2011	2012	2013	2014	2015
Number of lost-time claims	27,362	27,643	27,829	28,093	25,465

Additionally, Labour has many programs that promote safe practices in the workplace, such as issuing Certificates of Recognition to employers who develop health and safety programs that meet established standards, enforcement tools such as issuing tickets and stop work orders and the Work Safe Alberta initiative, which in consultation with industry and labour groups is designed to reduce work-related injuries, illnesses and fatalities.

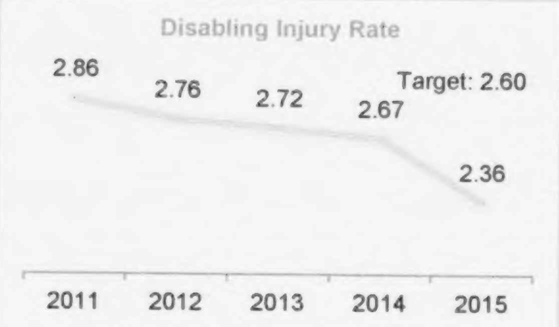
The ministry has also executed various public awareness campaigns to promote safety, in addition to providing educational materials on how to work safely and stay healthy on the job. Labour has also been enhancing its OHS compliance efforts through the Work Safe Alberta initiative, with targeted inspections, a move towards ticketing employers and employees for unsafe work practices and implementing new service delivery models to achieve higher levels of consistency across the province.

Performance Measure 3.b

Disabling injury rate: Number of disabling injuries per 100 person-years worked

Target: 2.60 Result: 2.36

Another method of measuring employment safety in Alberta is the disabling injury rate. A disabling injury claim is a claim for an occupational injury or disease that causes the worker to have time away from work, beyond the day of injury or the worker had their normal work duties modified to enable them to remain in the workplace without losing time.


Disabling Injury Rate

Source: Workers' Compensation Board

The disabling injury rate is similar to the lost-time claim rate, although it covers a broader range of injuries, including those that are less severe in nature (do not require time away from work.) Labour monitors both the disabling injury rate and the lost-time claim rate as the disabling injury rate focuses on broader worker safety and the lost-time claim rate focuses more on lost productivity and relatively severe injuries and diseases.

In 2015, the disabling injury rate improved significantly decreasing to 2.36 in 2015 from 2.67 in 2014. With the exception of 2011, the disabling injury rate has seen a definitive decrease since 2007. As with the lost-time claim rate (LTCR), there are many factors that influence the disabling injury rate results, including efforts by employers to implement safety programs, attitude of employers and workers and external forces arising from the economic cycle. For example, economic prosperity usually brings a large number of inexperienced workers into workplaces.

	2011	2012	2013	2014	2015
Number of disabling injuries	51,185	53,159	54,604	55,698	47,971

In addition to these external factors, Labour has many workplace initiatives that contribute towards the result of this measure. Labour strives to focus on employers who have high rates of injury and disease, and works with them to improve performance and their safety management systems.

Additionally, Labour has many programs that promote safe practices in the workplace, such as issuing Certificates of Recognition to employers who develop health and safety programs that meet established standards, enforcement tools such as issuing tickets and stop work orders and the Work Safe Alberta initiative, which in consultation with industry and labour groups is designed to reduce work-related injuries, illnesses and fatalities.

The ministry has also executed various public awareness campaigns to promote safety, in addition to providing educational materials on how to work safely and stay healthy on the job. Labour has also been enhancing its OHS compliance efforts through the Work Safe Alberta initiative, with targeted inspections, a move towards ticketing employers and employees for unsafe work practices and implementing new service delivery models to achieve higher levels of consistency across the province.

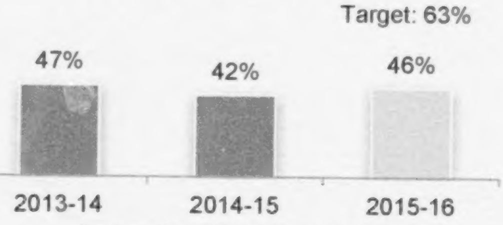
Performance Measure 3.c

Percentage of employment standards complaints completed within 180 days of date complaint received

Target: 63% **Result: 47%**

Working Albertans rely on their wages being prescribed by law and, when it is alleged this has not occurred, they expect at timely remedy.

Percentage of employment standards complaints completed within 180 days of date complaint received



Source: Compliance Management Information System

In 2015-16, 46 per cent of the 4,882 employment standards complaints received were completed within 180 days of the date the complaint was received. This result is four percentage points higher than the result achieved in 2014-15, but does not meet the target of 63 per cent.

As of March 31, 2016, there were 45 employment standards officers and eight intake staff located across the province. Each complaint is unique and very complex investigations will take additional time and significant resources. While the ministry strives for timely completion, investigators must ensure in all cases that investigations are thorough, of high quality and fair to all parties. The conclusion of an employment standards complaint means that the employer has paid the employee an amount to which the employee is satisfied or the funds to which they are entitled.

The decrease in the 2014-15 result is partially attributed to additional rigor of each investigation coinciding with the implementation of a new database that requires the input of additional data and information by officers. The claim progress is now more closely monitored, data integrity has been improved and the thoroughness of investigations is better assured.

Beginning in 2015-16, the ministry began work to increase the percentage of complaints completed within 180 days by updating Standard Operating Procedures to guide officers' investigations, supporting enhanced training for officers to investigate, compile evidence and make decisions/recommendations and identifying areas where additional capacity is required. Additionally staff are encouraged to mediate settlements, where appropriate, as part of the administratively fair investigation and this has produced good results for all parties. This work contributed to the four per cent increase in 2015-16. As a result of these changes, the result for 2016-17 is anticipated to improve further however, consideration should be given to the sharp rise in complaints at the end of 2015 and the beginning of 2016 due to the economic crisis that could impact the results negatively. In 2016-17, the ministry will be reviewing its investigation delivery model with a view to ensuring complaints are adjudicated as efficiently and effectively as possible within current resource limitations.

Alberta's economic conditions can influence the result for this measure as employers that owe money to their employees may be less able to pay and employees who are owed wages are more eager to receive all that they are entitled.

Beginning in 2016-17, the methodology for this measure will change. For the purpose of this measure, complaints that are transferred to the Employment Standards Registrar or the Post Judgement Collection Unit will be considered concluded for the purpose of this measure. This will better assess the processing time for employment standards complaints that are within the control of the ministry (i.e. it will exclude the time it take to process appeals and collections.) Under the new methodology, the completion of an employment standards complaint will not mean that a person has received all the funds to which they are entitled, only that the investigation phase is complete.

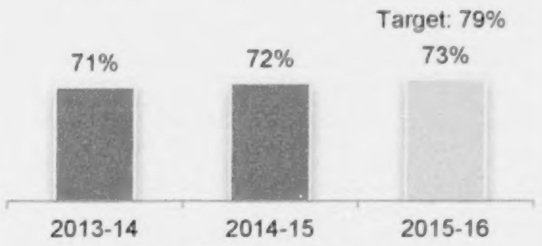
	2013	2014	2015
Number of employment standards complaints	6,603	5,168	4,882

Performance Measure 3.d Percentage of employment standards complaints with voluntary resolution

Target: 79% Result: 73%

The ministry aims to have safe, fair and healthy workplaces where workers receive all to which they are entitled and works to promote the voluntary resolution of employment standards complaints.

Percentage of employment standards complaints with voluntary resolution



Source: Compliance Management Information System

Seventy-three per cent of employment standards complaints were resolved voluntarily in 2015-16. This represents a slight increase from the result achieved in 2014-15 and does not meet the target of 79 per cent.

Each complaint is unique and not all situations lend themselves to voluntary resolution. Where a voluntary resolution cannot be achieved, the ministry takes appropriate mediation and resolution efforts.

The ministry actively promotes the voluntary resolution of employment standards complaints through a model of mediation rather than pursue enforcement to ensure an administratively fair investigation. The voluntary resolution of an employment standards complaint means that the employer has paid the employee an amount to which the employee is satisfied or the funds to which they are entitled and the complaint is concluded.

Alberta's economic condition can influence the result for this measure as employers that owe money to their employees may be less able to pay and employees who are owed wages are more eager to receive all that they are entitled.

	2013	2014	2015
Number of employment standards complaints resolved voluntarily	4,868	3,804	3,560
Number of employment standards complaints eligible for voluntary resolution	6,889	5,260	4,882

Beginning in 2016-17, the methodology for this measure will change. The types of complaints that are eligible for voluntary resolution will be refined to exclude instances where a voluntary resolution is not possible (i.e. the employer is bankrupt, the business has failed, the employer is in receivership ort the claim is abandoned.)

Performance Measure 3.e

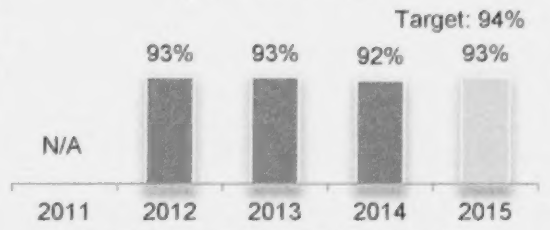
Percentage of employed Albertans who perceive Alberta workplaces are safe

Target: 94% Result: 93%

The ministry works across the province to promote safe, fair and healthy workplaces where workers feel safe and comfortable to work.

Alberta's workplaces continue to be considered safe by the majority of workers. In 2015, over nine in ten employed Albertans surveyed indicated they felt at least somewhat safe at work. Just over half of respondents, 53 per cent, say the province's workplaces are very safe. The 2015-16 result of 53 per cent is five per cent higher than the result achieved in 2014-15. In 2015-16, four in ten (40%) Albertans indicated they felt somewhat safe. There is a 95 per cent certainty that the results are accurate within +/- 4.2 per cent.

Percentage of employed Albertans who perceive Alberta workplaces are safe



Source: Government of Alberta Omnibus Survey

The result for this measure has been consistently high since 2012. In addition to external factors (prior education, work experience, overall job market), workplace initiatives by Labour contribute towards the result of this measure. The Ministry of Labour works with employers to improve performance and their safety management systems and has many programs that promote safe practices in the workplace, such as issuing Certificates of Recognition to employers who develop health and safety programs that meet established standards and the overall Work Safe Alberta, which in consultation with industry and labour groups is designed to reduce work-related injuries, illnesses and fatalities.

The ministry has also executed various public awareness campaigns to promote safety, in addition to providing educational materials on how to work safely and stay healthy on the job. Labour has also been enhancing its OHS compliance efforts through the Work Safe Alberta initiative, with targeted inspections, a move towards ticketing employers and employees for unsafe work practices and implementing new service delivery models to achieve higher levels of consistency across the province.

Perceived Safety of Alberta's Workplaces

Year	Very Safe	Somewhat Safe	Total
2012	53%	40%	93%
2013	48%	44%	92%
2014	53%	40%	93%
2015	48%	45%	93%

Desired Outcome 4: Alberta's collective bargaining laws are fairly and equitably applied

The Alberta Labour Relations Board (ALRB) is an independent and impartial tribunal responsible for the day-to-day application and interpretation of Alberta's labour laws. It processes applications and holds hearings. The ALRB actively encourages dispute resolution, employs officers for investigations and makes major policy decisions. Governing legislation related to this program includes the *Labour Relations Code*, the *Public Service Employee Relations Act*, the *Police Officers Collective Bargaining Act* and certain matters under the *Public Education Collective Bargaining Act*.

The ALRB's mission is to administer, interpret and enforce Alberta's collective bargaining laws in an impartial, knowledgeable, efficient, timely and consistent way.

Key results and highlights during 2015-16 which support this outcome include:

- As a result of the ALRB's commitment to promoting informal settlement options, 74 per cent of the applications eligible for informal settlement were settled prior to reaching a formal hearing; and

- The ALRB continues to schedule matters to hearing in a timely basis with an average number of days to hearing of 62 days, which is well below the target of 70 days.

Priority Initiative 4.1

Continue to provide efficient, timely, effective and consistent services to the Alberta labour relations community.

- Overall, the number of applications received by the ALRB dropped from 718 in 2014-15 to 634 in 2015-16, representing a 12 per cent reduction. The number of certification applications received by the ALRB fell by 24 per cent from 132 in 2014-15 to 100 in 2015-16. The number of unfair labour practice complaints fell by 16 per cent from 382 in 2014-15 to 321 in 2015-16.
    - As unfair labour practice complaints can be associated with certification applications, a drop in certification applications often results in a decrease in unfair labour practice complaints.
    - The ALRB continues to ensure matters are set for hearing on a priority basis. In the case of certification applications, the average number of calendar days from receipt of the application to the hearing was 16 days.
- The ALRB continues to see an increasing trend in the number of duty of fair representation complaints. In 2015-16, there were 87 duty of fair representation complaints, up from 60 in the previous year, representing a 45 per cent increase. These complaints are filed by employees or former employees who feel their union has not fairly represented them with respect to a grievance under their collective agreement. Historically, an increase in duty of fair representation complaints has been directly correlated with the economy.

Alberta Labour Relations Board

	2013-14	2014-15	2015-16
Number of hearings	386	492	421
Number of certification applications received by the ALRB	90	132	100
Number of duty of fair representation complaints received by the ALRB	44	60	87

Priority Initiative 4.2

Promote the use of alternative dispute resolution methods to solve issues before reaching formal hearings.

- The Board continues to be successful in assisting parties to resolve their disputes prior to the formal hearing process. In 2015-16, 418 applications (74%) of the 566 applications eligible for informal settlement were settled prior to reaching a formal hearing. The number of applications settled outside the formal adjudication process is impacted by the nature of matters received and the tone of the relationship between parties.

Priority Initiative 4.3 Continue to issue clear and timely decisions.

- In 2015-16, the ALRB released a broad range of decisions interpreting different aspects of Alberta's labour legislation, including new and emerging issues. Important decisions from the Board included:
    - Considering the nature of a Union's duty to fairly represent a member where mental health issues may be undermining the member's ability to act in their own best interests during the grievance process (*Complainant v. AUPE,* [2015] Alta. L.R.B.R. 42);
    - Interpreting the scope of the Board's jurisdiction to speed up the arbitration process under section 140 of the *Labour Relations Code* (*CUPE, Local 417 v. City of Red Deer,* [2015] Alta. L.R.B.R. 36);
    - Determining whether the Board must apply privacy legislation when assessing whether a Union's conduct warrants dismissal of a certification application (*CBI Home Health v. AUPE,* [2015] Alta. L.R.B.R. LD-023)
    - Interpreting the scope of the professional exemption for engineers working in a municipal transportation department (*CUPE, Local 38 v. City of Calgary*, [2015] Alta. L.R.B.R. LD-026);
    - Determining that a partial grant by government towards construction of a private long-term care facility and the transfer of residents from a closing hospital facility did not give rise to a successorship (*UNA v. Sagewood Seniors Community Inc.*, [2015] Alta. L.R.B.R. LD-044);
    - Determining the bargaining unit structure in private vocational colleges need not necessarily follow the same structure as public post-secondary institutions (*CUPE, Local* 4731 *v. CDI College of Business,* Technology and Health Care, [2016] Alta. L.R.B.R. LD-005);
    - Interpreting the scope of the bargaining unit of "police officers" established by the Police Officers Collective Bargaining *Act* (*Edmonton Police Association v. Edmonton Police* Service, March 9, 2016, available online at alrb.gov.ab.ca.)

Performance Measure 4.a

Average number of days from the acceptance of an application to the date of the first hearing

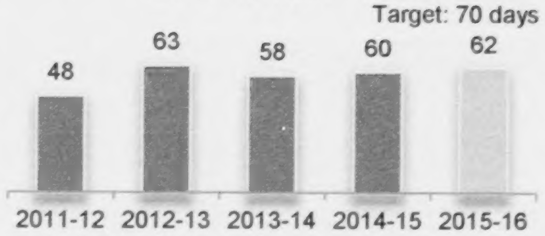
Target: 70 days **Result: 62 days**

This performance measure reflects the ALRB's commitment to schedule matters in a timely fashion. In 2015-16, the average number of days from the acceptance of an application to the date of the first hearing was 62 days, well below the target of 70 days.

The ALRB schedules hearings and resolution conferences with parties at the beginning of the file. The ALRB continually works with parties to set matters down for hearing in a timely manner.

The scheduling of hearings is based on applications received, the availability of adjudicators, urgent matters and procedural timelines.

Average number of days from the acceptance of an application to the date of the first hearing



Source: ALRB Case Management System

	2011-12	2012-13	2013-14	2014-15	2015-16
Number of hearings	455	427	386	492	421

Performance Measure 4.b

Percentage of decisions rendered by the Labour Relations Board within 90 calendar days from the completion of the hearing(s)

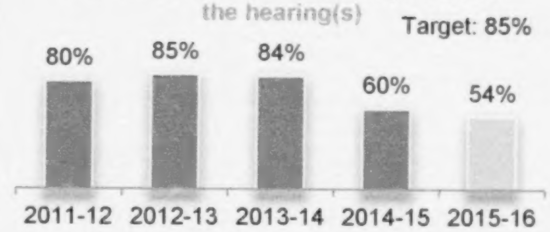
Target: 85%

Result: 54%

This performance measure reflects the ALRB's commitment to issue decisions in a timely fashion. In 2015-16, 54 per cent of decisions were rendered within 90 calendar days from the completion of the hearings.

Due to illness, the ALRB was short one full-time vice-chair in 2015-16. This left the ALRB with one less adjudicator to manage the existing caseload.

Percentage of decisions rendered by the Labour Relations Board within 90 calendar days from the completion of the hearing(s)



Source: ALRB Case Management System

In addition, the ALRB also saw a significant increase in the number of duty of fair representation complaints it received (87 in 2015-16, compared to 60 in 2014-15.) Duty of fair representation complaints can be more complex and require additional adjudication time. The above factors resulted in less writing time available for the adjudicators, which resulted in the missed target.

Desired Outcome 5: Albertans have access to timely, fair and independent appeal services through the Appeals Commission for Alberta Workers' Compensation

The Appeals Commission for Alberta Workers' Compensation is the final level of appeal for workers' compensation matters in Alberta. The Appeals Commission operates under the authority of the *Workers' Compensation Act*. Its mission is to provide a timely, fair and independent appeals process consistent with legislation, policy and the principles of natural justice. The Appeals Commission is independent of the Workers' Compensation Board and is accountable to the Minister of Labour.

Key results and highlights during 2015-16 which support this outcome include:

- Electronic document management has resulted in improvements in the speed and quality of files being processed resulting in a notable decrease in the number of days to the first hearing; and
- The implementation of new records management protocols and electronic document management have reduced the risk of privacy breaches.

Priority Initiative 5.1 Continue to provide timely and fair appeal services through the Appeals Commission for Alberta Workers' Compensation.

- As of March 31, 2016, the Appeals Commission has 17 full time hearing chairs and 31 part time appeals commissioners. The Appeals Commission utilizes a three-person adjudication panel and hears approximately 90 per cent of appeals in person.
- In 2015-16, the Appeals Commission received 876 appeals compared to 959 in 2014-15. The Appeals Commission continued its efforts to reduce the amount of time to complete an appeal. In 2015-16, the average number of days from the date the appeal was filed to the first hearing date offered was 145 compared to 157 in 2014-15, a notable reduction of 12 days. This number is expected to decrease further as continued efficiencies are gained through electronic appeals processing. The average number of days from the hearing date to the decision issued date decreased to 28 compared to 31 in the prior year.

Appeals Commission for Alberta Workers' Compensation

	2013-14	2014-15	2015-16
Number of appeals received	1,114	959	876
Average number of days from the date the appeal is filed to the first hearing date offered	154	157	145
Average number of days from the hearing to the decision issued date	33	31	28

Priority Initiative 5.2

Enhance the existing quality management program to ensure the quality and timeliness of the decisions published by the Commission.

- In 2015-16, the Appeals Commission continued work on a comprehensive quality management system and began the implementation of a Records and Information Management System to improve its records management protocols to improve information security and protect the privacy of appeals applicants.

- On March 24, 2016, the Government of Alberta announced a review of the Workers' Compensation Board. This review will include the Appeals Commission.

Priority Initiative 5.3

Enhance access to justice by providing stakeholders with the assistance they require to be active participants in the appeals process.

- The Appeals Commission is committed to openness and accessible justice. As part of that commitment, in 2015, the Appeals Commission engaged in stakeholder consultations. Key recommendations were implemented, including a process to determine when and how to meaningfully engage hearing chairs in ad-hoc issues and a built-in survey is sent to parties to a hearing in order to capture feedback on the appeals process. To date, stakeholder surveys have shown 80 per cent of workers are satisfied with the appeals process and over 90 per cent of representatives to workers are satisfied with the appeals process.

- The Appeals Commission has recently retained resources to enable ongoing quality assurance and continuous improvement controls in order to be a leader in openness and accessibility to justice.

Priority Initiative 5.4

Enhance information technology resources, including transitioning to electronic document management, to enable the Commission to be more responsive and timely in the course of an appeal.

- By 2015-16, the Appeals Commission and the WCB had fully implemented an electronic exchange of documentation. The exchange of information between these two organizations is now completely paperless. This has reduced the risk of privacy breaches and improved the quality and timeliness of appeals processing. Over the 2015-16 year, 100% of new appeals were successfully processed in a completely paperless format. The Appeals Commission has also conducted trials of electronic document sharing with external parties and the foundation has been set to move from paper-based to electronic-based adjudication by the Appeals Commission in the coming year.

- In 2015-16, the Appeals Commission continued work to become a leader in the utilization of technology during the appeals process. The Appeals Commission is working to enable the use of technology to permit the attendance of remote witnesses (via video conference) and the exchange of electronic documents with appellants and interested parties.

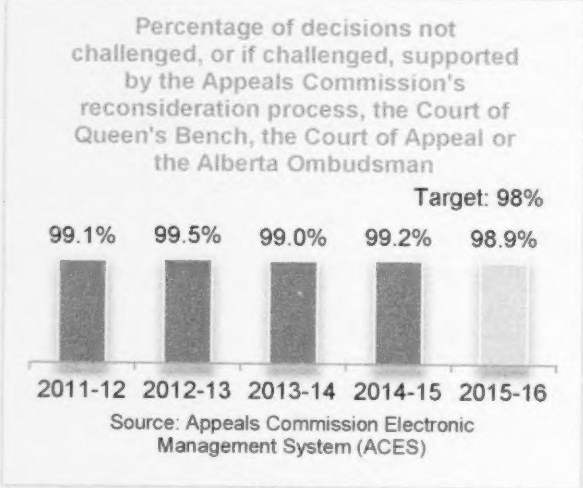
- Since the implementation of an electronic exchange of information with the WCB in 2013-14, the Appeals Commission has eliminated the production of over 1.5 million pieces of paper annually and reduced its processing times.

Performance Measure 5.a

Percentage of decisions not challenged, or if challenged, supported by the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeal or the Alberta Ombudsman

Target: 98% Result: 98.9%

This performance measure reflects the Appeals Commission's commitment to excellence in the decision-making process. In 2015-16, 98.9 per cent of decisions were not challenged, or if challenged, supported by the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeal or the Alberta Ombudsman. This result meets the target of 98 per cent and is consistent with the result achieved in the prior year.


Percentage of decisions not challenged, or if challenged, supported by the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeal or the Alberta Ombudsman

Source: Appeals Commission Electronic Management System (ACES)

The Appeals Commission has consistently achieved a high result for this measure, reflecting its commitment to meet the high standards expected of administrative law tribunals. Stakeholders can expect an orderly and predictable appeals environment and that the decisions of the Appeals Commission will be consistent with policy and legislation and other decisions of the Appeals Commission.

Appeals are heard by a panel of three commissioners which are drawn from a diverse pool of expertise and recruited based on objective competencies and demonstrated leadership and achievement. Commissioners are supported by Appeals Commission staff, most of which have advanced training in administrative law which further contributes to the quality of the decisions rendered by the Appeals Commission. Given the nature and complexity of appeals received by the Appeals Commission is proud of its achievement for this measure and is committed to continuing to provide high quality decisions for Albertans.

	2011-12	2012-13	2013-14	2014-15	2015-16
Number of appeals concluded	1,039	873	997	897	830
Number of decisions challenged	9	4	10	7	9

Performance Measure Methodology

Performance Measure 1.a and Indicator 1.a

Interprovincial rank of Alberta's labour force participation rate and labour force participation rates

Statistics Canada's Labour Force Survey (LFS) is the primary source of statistics on employment and unemployment in Canada and the provinces. The LFS is conducted by Statistics Canada across the country. The Canadian sample size for the monthly Labour Force Survey was 56,027 households over the reporting period. Alberta's sample size corresponds to its share of the national population. An average of 5,690 Alberta households were surveyed each month. The coefficient of variation (the standard error as a percentage of the reported result) for the estimated 2,449,200 Albertans in the labour force is 1.0 per cent.

The LFS provides information on the work activities of survey respondents during the week containing the 15th day of the month known as the reference week. The target population covered by the survey corresponds to all persons aged 15 years and over residing in Canada, with the exception of the following: persons living on reserves and other Aboriginal settlements, full-time members of the Canadian Armed Forces and the institutionalized population. The labour force is the sum of the number of persons employed and the number of persons actively seeking employment (unemployed.) This is calculated as a 12-month average for the calendar year.

The participation rate represents the percentage of the working age population that is either employed or actively seeking employment (unemployed.) With this performance measure, the rate for Alberta is compared to the nine other Canadian provinces.

The performance indicator looks at the labour force participation rate for all Albertans, Aboriginal Albertans living off-reserve, Alberta's immigrant population and Alberta youth (aged 15-24.) Results for each indicator are calculated as a 12-month average for the calendar year.

For more information on the methodology of the Labour Force Survey, please see Guide to the Labour Force Survey (2015), Statistics Canada: http://www.statcan.gc.ca/pub/71-543-g/71-543-g2015001-eng.pdf

All Albertans

The participation rate for all Albertans represents the percentage of the working age population that is either employed or actively seeking employment (unemployed.)

Aboriginal Albertans living off-reserve

The LFS includes a question that asks respondents if they identify themselves with at least one Aboriginal group, for example, North American Indian, Métis or Inuit. The First Nations, Métis and Inuit labour force (off-reserve) represents the number of people in the working age population that are either employed or actively seeking employment (unemployed.)

Alberta's immigrant population

A landed immigrant is a person who has been granted the right to live in Canada permanently by immigration authorities. Canadian citizens by birth and non-permanent residents (persons from another country who live in Canada and have a work or study permit, or are claiming refugee status, as well as family members living here with them) are not landed immigrants.

Alberta youth (aged 15-24)

Alberta youth (aged 15-24) represents the number of people in that age cohort that are either employed or actively seeking employment (unemployed.)

Performance Measure 2.a

Number of principal economic applicants that choose Alberta as their destination

Data from this measure is based on Immigration, Refugees and Citizenship Canada's publicly released immigration data.

Data for this measure is based on calendar year. The number of principal economic applicants that choose Alberta as their intended destination in a given year is calculated by adding the number of landed principal applicants under the following immigration streams:

- Entrepreneurs;
- Self-employed;
- Investors;
- Start-up Business;
- Skilled Workers;
- Canadian Experience Class;
- Skilled trades;
- Provincial/territorial nominees; and
- Live-in caregivers.

For more information on determining eligibility for each immigration category, please visit Immigration, Refugees and Citizenship Canada at www.cic.gc.ca/english/immigrate/index.asp.

Performance Indicator 2.a

Percentage of Alberta Immigrant Nominee Program nominees who report that they are still residing and working in Alberta one year after obtaining permanent residency

Each year, the ministry surveys Alberta Immigrant Nominee Program (AINP) nominees to determine if they are still living and working in Alberta, one year after obtaining permanent residency. To allow for one year to have passed from the date the nominee obtained permanent residency and to allow time for the survey to be conducted, AINP nominees that landed in 2013 were surveyed in 2015.

The survey is conducted by the ministry through an online survey. AINP nominees are contacted by email to complete the online survey.

A nominee is considered to be working and residing in Alberta if they responded that they currently reside in Alberta and that they are currently employed (including working and performing their job duties, on paid maternity leave, on a paid leave of absence or on vacation.)

The retention rate is calculated as:

$$\frac{\text{Number of nominees who responded they are still residing and working in Alberta}}{\text{Total number of nominees who responded to the survey}} \text{ X } 100$$

In 2015, 1,857 of the 2,949 nominees who landed in Alberta in 2013 responded to the survey. The survey response rate was 63 per cent. The resulting sample size produces results that are considered accurate to within +/- 1.4 percentage points, 19 times out of 20.

Performance Measure 3.a

Lost-time claim rate: Number of lost-time claims per 100 person-years worked

The lost-time claim rate represents the probability, or risk, of injury or disease to a worker during a period of one year's work. The measure indicates the number of lost-time claims per 100 person-years worked to indicate increases or decreases in this risk. One person-year is equivalent to one full-time worker working for one year or 2,000 hours worked.

The Workers' Compensation Board – Alberta (WCB) records a lost-time claim when a worker, his/her physician or his/her employer submits an injury report form. The WCB collects this information, calculates the estimated person-years worked and provides the data files to Labour for analysis. The lost-time claim rate is reported by calendar year and is calculated by dividing the number of lost-time claims by the number of estimated person-years worked.

Each year, new data is sent to Labour that includes the most recent injury data for the last five years. The previous four years of results are re-calculated with the updated data provided by the WCB.
Re-calculating historical results provides the reader the most accurate and up-to-date injury information.
There is no change in how the result is calculated.

Performance Measure 3.b

Disabling injury rate: Number of disabling injuries per 100 person-years worked

The disabling injury rate represents the probability, or risk, of injury or disease to a worker during a period of one year's work. The disabling injury rate is similar to the lost-time claim rate, although it covers a broader range of injuries, including those that are less severe in nature (do not require time away from work.) The measure indicates the number of disabling injuries per 100 person-years worked to indicate increases or decreases in this risk. One person-year is equivalent to one full-time worker working for one year, or 2,000 hours worked.

The Workers' Compensation Board – Alberta (WCB) records a disabling injury claim when a worker, his/her physician, or his/her employer submits an injury report form. The WCB collects this information, calculates estimated person-years worked, and provides the data files to Labour for analysis. The disabling injury rate is reported by calendar year and is calculated by dividing the number of disabling injuries by the number of estimated person-years worked.

Each year, new data is sent to Labour that includes the most recent injury data for the last five years. The previous four years of results were re-calculated with the updated data provided by the WCB. Re-calculating historical results provides the reader the most accurate and up-to-date injury information. There is no change in how the result is calculated.

Performance Measure 3.c

Percentage of employment standards complaints completed within 180 days of date complaint received

The Compliance Management Information System tracks all data related to employment standards complaints. For this performance measure, a report is created from the Compliance Management Information System that identifies those complaints that have were concluded within the reporting period and the duration of time between the date the complaint was received and the date the complaint is concluded. A complaint is marked concluded when the investigation is concluded or there is no further work to do on the file.

Using the report, the number of complaints resolved within 180 days or less is calculated as a percentage of complaints. Complaints are included in the result for the year in which they are concluded.

Performance Measure 3.d

Percentage of employment standards complaints with voluntary resolution

The Compliance Management Information System tracks all data related to employment standards complaints. For this performance measure, a report is created from the Compliance Management Information System that identifies those complaints that were concluded within the reporting period and the resolution type. A complaint is marked concluded when the investigation is concluded or there is no further work to do on the file.

Using the report, the number of complaints with voluntary resolution is calculated as a percentage of complaints concluded. Complaints are included in the result for the year in which they are concluded.

Performance Measure 3.e

Percentage of employed Albertans who perceive Alberta workplaces are safe

Each year, the ministry surveys Albertans to gauge its progress in ensuring that Alberta's workplaces are safe, fair and healthy. The survey is conducted by an independent third party survey provider, Environics Research Group. A random and representative sample of Albertans was established based on Statistics Canada census data made available in 2011. For each of the six geographic regions in the province, the number of interviews in each age-gender segment was proportionate to the 2011 population estimates. Respondents within each household reached by landline (85 per cent of the sample) were screened for using the "most recent birthday" method. A cell phone sample was also included (15 per cent of the sample.) The resulting sample size produces results that are considered accurate to within +/- 4.2 percentage points, 19 times out of 20.

The result for this performance measure was calculated by obtaining responses to the following question: "Do you feel that Alberta's workplaces are…?" Respondents were considered perceive Alberta's workplaces were safe if they responded 'very safe' or 'somewhat safe'. Alternate responses were 'not very/at all safe' and 'not sure'.

Performance Measure 4.a

Average number of days from the acceptance of an application to the date of the first hearing

The ALRB Case Management System tracks all data related to hearings and decision timelines. For this performance measure, a report is created from the Case Management System that identifies those decisions that have met the reporting period requirements and the number of days it takes a matter from the application date to the first Board hearing.

Telephone and Resolution Conferences are excluded from this calculation as they deal with procedural or dispute resolution prior to a formal hearing. Sine Die (a written request, normally made by both parties, to hold an application in abeyance or adjourn) and party delay adjournments (a request by an affected party to adjourn an application) are also excluded from the calculation of the overall days.

Using the report, the average number of days from the acceptance of an application to the date of the first formal hearing is calculated. In the event that an application is received in one fiscal year and the first hearing date is in a subsequent fiscal year, the case is included in the year in which the first formal hearing is conducted.

Performance Measure 4.b

Percentage of decisions rendered by the Labour Relations Board within 90 calendar days from the completion of the hearing(s)

The ALRB Case Management System tracks all data related to hearings and decision timelines. For this performance measure, a report is created from the Case Management System that identifies those decisions that have met the reporting period requirements and the duration of the time from the commitment date (usually the date of the last completed hearing related to the matter(s) applicable to the decision) to the date that the decision was rendered (written decision was issued.) Sometimes the commitment date may differ from the hearing date if further submissions are accepted by the presiding Chair or Vice Chair at a later time.

Using the report, the percentage of decisions completed within 90 days or less is calculated. Hearings are generally included in the calculation for the year in which the decision was rendered (the written decision is issued.) However, in the event that a decision is reserved (hearing is completed) in one fiscal year but rendered (the written decision is issued) in a subsequent fiscal year, the case will be included in either the fiscal year in which the 90-day threshold occurs, or the fiscal year in which the decision is rendered, whichever date occurs first.

Performance Measure 5.a

Percentage of decisions not challenged, or if challenged, supported by the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeal or the Alberta Ombudsman

The Appeals Commission Electronic System (ACES) contains all claim file data for the Appeals Commission for Alberta Workers' Compensation. For this performance measure, a variety of reports are generated from ACES to identify the closed files that have met the reporting period requirements.

Using the reports, the percentage of decisions issued that are either not challenged or are not overturned upon review by the Courts, the Ombudsman or by the Appeals Commission on reconsideration is calculated. An appellant may submit more than one appeal. An appeal is considered closed when the decision has been issued to the parties regarding the issue(s) being appealed. An appellant may choose to submit an application for judicial review or for reconsideration as outlined by the Appeals Commission's Appeal Rules 2016, which may be found on the Appeals Commission website. The application for judicial review or for reconsideration will be included in the measure in the year in which the decision is rendered and the file is closed.

Financial Information

Independent Auditor's Report

Financial Statements

Financial Statements: Workers' Compensation Board

MINISTRY OF LABOUR
FINANCIAL STATEMENTS
Year Ended March 31, 2016

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Change in Net Debt

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Revenues

Schedule 2 – Credit or Recovery

Schedule 3 – Expenses – Directly Incurred Detailed by Object

Schedule 4 – Lapse/Encumbrance

Schedule 5 – Lottery Fund Estimates

Schedule 6 – Salary and Benefits Disclosure

Schedule 7 – Related Party Transactions

Schedule 8 – Allocated Costs

AUDITOR
GENERAL
Alberta

Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Financial Statements

I have audited the accompanying financial statements of the Ministry of Labour, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Labour as at March 31, 2016, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 1, 2016

Edmonton, Alberta

MINISTRY OF LABOUR
STATEMENT OF OPERATIONS
Year ended March 31, 2016

	2016		2015
	Budget	**Actual**	**Actual** Restated (Note 3)
		(in thousands)	
Revenues (Schedule 1)			
Government Transfers			
Canada Alberta Job Fund	$ 21,348	$ 21,164	$ 10,728
Labour Market Development Agreement	1,593	1,593	1,719
Other Transfers	1,075	1,075	1,212
Premiums, Fees and Licences	2,185	1,413	1,325
Other Revenue	57,846	56,018	50,357
	84,047	81,263	65,341
Expenses – Directly Incurred (Notes 2(b) and Schedules 3, 4 and 7)			
Program			
Ministry Support Services	10,318	14,028	9,002
Workforce Strategies	97,433	86,376	67,372
Safe, Fair and Healthy Workplaces	61,616	59,199	56,875
Labour Relations Board	3,631	3,327	3,183
Appeals Commission for Alberta Workers' Compensation	13,294	12,399	12,115
	186,292	175,329	148,547
Annual Deficit	$ (102,245)	$ (94,066)	$ (83,206)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF LABOUR
STATEMENT OF FINANCIAL POSITION
As at March 31, 2016

	2016	**2015** Restated (Note 3)
	(in thousands)	
Financial Assets		
Cash	$ 15	$ 1
Accounts Receivable (Note 4)	15,162	4,050
	15,177	4,051
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	36,706	16,652
Deferred Revenue	6,983	5,190
	43,689	21,842
Net Debt	(28,512)	(17,791)
Non-Financial Assets		
Tangible Capital Assets (Note 6)	5,407	4,548
Prepaid Expenses	1	21
	5,408	4,569
Net Liabilities	(23,104)	(13,222)
Net Liabilities at Beginning of Year	$ (13,222)	$ (4,158)
Adjustment to Net Liabilities (Note 11)	-	123
Annual Deficit	(94,066)	(83,206)
Net Financing Provided from General Revenues	84,184	74,019
Net Liabilities at End of Year	$ (23,104)	$ (13,222)

Contingent Liabilities and Contractual Obligations (Notes 7 and 8)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF LABOUR
STATEMENT OF CHANGE IN NET DEBT
As of March 31, 2016

	2016		2015
	Budget	Actual	Actual Restated (Note 3)
	(in thousands)		
Annual Deficit	$ (102,245)	$ (94,066)	$ (83,206)
Acquisition of Tangible Capital Assets	(1,200)	(2,619)	(759)
Amortization of Tangible Capital Assets (Note 6)	1,876	1,750	1,819
Write-downs of Tangible Capital Assets		10	366
Change in Prepaid Expenses		20	(21)
Net Financing Provided from General Revenue		84,184	74,019
(Increase) in (Net Debt)		$ (10,721)	$ (7,782)
(Net Debt) at Beginning of Year		(17,791)	(10,009)
(Net Debt) at End of Year		$ (28,512)	$ (17,791)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF LABOUR
STATEMENT OF CASH FLOWS
Year ended March 31, 2016

	2016	2015 Restated (Note 3)
	(in thousands)	
Operating Transactions		
Annual Deficit	$ (94,066)	$ (83,206)
Non-cash Items Included in Net Operating Results		
Amortization of Tangible Capital Assets (Note 6)	1,750	1,819
Write-down of Tangible Capital Asset	10	366
	(92,306)	(81,021)
(Increase) Decrease in Accounts Receivable	(11,112)	1,467
(Increase) Decrease in Prepaid Expenses	20	(21)
Increase in Accounts Payable and Accrued Liabilities	20,054	5,133
Increase in Deferred Revenue	1,793	1,183
Cash (Applied to) Operating Transactions	(81,551)	(73,259)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 6)	(2,619)	(759)
Financing Transactions		
Net Financing Provided from General Revenues	84,184	74,019
Increase (Decrease) in Cash and Cash Equivalents	14	1
Cash and Cash Equivalents at Beginning of Year	1	-
Cash and Cash Equivalents at End of Year	$ 15	$ 1

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF LABOUR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Labour operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Ministry's role in workforce and workplace policy and program development contributes to a better quality of life for Albertans. It supports the needs of workers, employers and Albertans by focusing on growing a skilled workforce for the jobs of today as well as tomorrow, through a workplace environment that is safe, fair and healthy.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Ministry of Labour for which the Minister of Labour is accountable. The other entity reporting to the minister is the Workers' Compensation Board (WCB). The activities of the WCB are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of the departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenue
All revenues are reported on the accrual basis of accounting.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred capital contributions and deferred revenue if the eligibility criteria of the transfer, or the stipulations together with the ministry's actions and communications as to the use of transfers create a liability. These transfers are recognized as revenues as the stipulations are met and, when applicable, the ministry complies with its communicated uses of these transfers.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Revenue (Cont'd)

Deferred Revenue

Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual Credit or Recovery amounts exceed budget, the ministry may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the Ministry's Credit or Recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

Grants are recognized as expenses when authorized, eligibility criteria are met and a reasonable estimate of the amounts can be made.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which are the cost of employer contributions for current service of employees during the year; and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Incurred by Others

Services contributed by related other entities in support of the ministry operations are not recognized and are disclosed in Schedule 7 and allocated to programs in Schedule 8.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Valuation of Financial Assets and Liabilities (Cont'd)
The fair values of Cash and Cash Equivalents, Accounts Receivable, Loans and Advances and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timelines or cost to estimate the fair value with sufficient reliability.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Cash and Cash Equivalents

Cash includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the ministry.

Accounts Receivable

Accounts receivable are recorded at the lower of cost or net recoverable value. A valuation allowance is recorded when recovery is uncertain.

Liabilities

Liabilities are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

Non-Financial Assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

(a) are normally employed to deliver government services;
(b) may be consumed in the normal course of operations; and
(c) are not for sale in the normal course of operations.

Non-financial assets of the ministry are limited to tangible capital assets and prepaid expenses.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Non-Financial Assets (Cont'd)

Tangible Capital Assets

Tangible capital assets of the ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if tangible capital asset is put into service.

When physical assets (tangible capital assets and inventories of supplies) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

Assets acquired by right are not included.

(c) Change in Accounting Policy

A net debt presentation (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net Debt or Net Financial Assets is measured as the difference between the ministry's financial assets and liabilities.

The effect of this change results in changing the presentation of the Statement of the Financial Position and adding an additional Statement of Change in Net Debt/Net Financial Assets.

(d) Future Accounting Changes

In June 2015, the Public Sector Accounting Board issued these following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosures required for related party transactions. PS 3420 establishes standards on how to account for and reports transactions between public sector entities that comprise a government's reporting entity from a both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(d) Future Accounting Changes (Cont'd)

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS 3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPTS, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the financial statements.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard proves guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. Management is currently assessing the impact of these standards on the financial statements.

PS 3450 Financial Instruments
In June 2011, the Public Sector Accounting Board issued this accounting standard effective April 1, 2019.

The ministry has not yet adopted this standard and has the option of adopting it in fiscal year 2019-20 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601 Foreign Currency Translation; PS 1201 Financial Statement Presentation; and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 PROGRAM TRANSFER

(in thousands)

Effective April 1, 2015, the Aboriginal Development Partnerships program was transferred to Indigenous Relations.

Effective April 1, 2015, responsibility for funding the communication director and assistant communication director positions was transferred from Executive Council.

Effective February 2, 2016, the Job Creation Incentive Program was transferred to Economic Development and Trade.

Comparatives for 2014 have been restated as if the ministry had always been assigned with its current responsibilities.

NOTE 3 PROGRAM TRANSFER (Cont'd)

(in thousands)

Net Liabilities on March 31, 2014 are made up as follows:

Net Liabilities as previously reported	$	(4,175)
Transfer to Indigenous Relations		17
Transfer from Executive Council		-
Transfer to Economic Development and Trade		-
Net liabilities at March 31, 2014	$	(4,158)

Net Debt on March 31, 2014 is made up as follows:

Net debt as previously reported	$	(10,026)
Transfer to Indigenous Relations		17
Transfer from Executive Council		-
Transfer to Economic Development and Trade		-
Net Debt at March 31, 2014	$	(10,009)

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2016			2015
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 15,162	$ -	$ 15,162	$ 4,050

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2016	2015 (Restated)
Accounts Payable	$ 5,422	$ 806
Other Accrued Liabilities	31,284	15,846
	$ 36,706	$ 16,652

MINISTRY OF LABOUR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 6 TANGIBLE CAPITAL ASSETS

(in thousands)

	Equipment (1)	Computer Hardware and Software	2016 Total	2015 Total
Estimated Useful Life	3-40 years	3-10 years		
Historical Cost(2)				
Beginning of Year	$ 726	$ 11,219	$ 11,945	$ 11,429
Additions(3)	718	2,048	2,766	882
Disposals, Including Write-Downs	(10)	(801)	(811)	(366)
	1,434	12,466	13,900	11,945
Accumulated Amortization				
Beginning of Year	42	7,355	7,397	5,578
Amortization Expense	87	1,663	1,750	1,819
Transfer In	-	147	147	-
Effect of Disposals	-	(801)	(801)	-
	129	8,364	8,493	7,397
Net Book Value at March 31, 2016	$ 1,305	$ 4,102	$ 5,407	
Net Book Value at March 31, 2015	$ 684	$ 3,864		$ 4,548

(1) Equipment includes office equipment and furniture, and other equipment.

(2) Historical cost includes computer hardware and software work-in-progress at March 31, 2016 totalling $1,689 (2015: Zero)

(3) Additions include non-grant transfer of tangible capital asset from Advanced Education ($147)

NOTE 7 CONTINGENT LIABILITIES

(in thousands)

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The ministry has been named in 15 (2015: 13) claims of which the outcome is not determinable. Of these claims, 13 (2015: 12) have specified amounts totalling $45,737 (2015: $45,096).The remaining two (2015: one) claims have no amount specified. Included in the total claims, 11 claims totalling $42,511 (2015: 10 claims totalling $29,866) are covered in whole by the Alberta Risk Management Fund.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 8 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2016	2015
Obligations under Operating Leases, Contracts and Programs	$ 15,099	$ 3,962

Estimated payment requirements for each of the next five years are as follows:

Obligations under Operating Leases, Contracts and Programs

	Total
2016-17	$ 10,046
2017-18	1,929
2018-19	1,116
2019-20	995
2020-21	1,013
	$ 15,099

NOTE 9 BENEFIT PLANS

(in thousands)

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $ 10,772 for the year ended March 31, 2016 (2015 – $9,378). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2015, the Management Employees Pension Plan reported a surplus of $299,051 (2014 – surplus $75,805), the Public Service Pension Plan reported a deficiency of $133,188 (2014 – deficiency $803,299) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $16,305 (2014 – deficiency $17,203).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2016, the Bargaining Unit Plan reported a surplus of $83,006 (2015 – surplus $86,888) and the Management, Opted Out and Excluded Plan a surplus of $29,246 (2015 – surplus $32,343). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 10 TRUST FUND UNDER ADMINISTRATION

(in thousands)

The ministry administers a trust fund that is a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the fund and administers it for the purposes described below, it is not included in the ministry's financial statements.

At March 31, 2016, the trust fund under administration was as follows:

	2016	2015
Employment Standards Trust Fund	$ 863	$ 883

NOTE 11 ADJUSTMENTS TO NET ASSETS

(in thousands)

The reconciliation of adjustments to net assets is as follows:

	2016	2015
Non-Grant Transfer of Tangible Capital Asset from other Government Department	$ -	$ 123

NOTE 12 SUBSEQUENT EVENTS

In an effort to more effectively support Albertans impacted by the current economic downtown, the ministry has worked collaboratively with the Ministry of Human Services to realign the delivery of certain employment and training programs. The effective date of these program realignments is April 1, 2016. The estimate financial effect on Statement of Operations of these transfers in 2017 is as follows:

	Operating Expenses	Revenue
Transfers from the Ministry of Human Services	$ 39,538	$ 27,493
Transfers to the Ministry of Human Services	$ 2,799	$ 1,103

The estimate financial effect on Statement of Financial Position cannot be made at this time.

NOTE 13 COMPARATIVE FIGURES

Certain 2015 figures have been reclassified to conform to the 2016 presentation.

NOTE 14 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
REVENUES
Year ended March 31, 2016

	2016		2015
	Budget	**Actual**	**Actual** Restated (Note 3)
		(in thousands)	
Government Transfers			
Canada Alberta Job Fund	$ 21,348	21,164	$ 10,728
Labour Market Development Agreement	1,593	1,593	1,719
Other Transfers	1,075	1,075	1,212
	24,016	23,832	13,659
Premiums, Fees and Licences	2,185	1,413	1,325
Other Revenue			
Occupational Health and Safety	44,207	41,614	37,858
Appeals Commission for Alberta Workers' Compensation	13,299	12,244	11,881
Workers' Compensation Medical Panels	340	330	304
Other	-	1,830	314
	57,846	56,018	50,357
Total Revenues	$ 84,047	$ 81,263	$ 65,341

Schedule 2

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
CREDIT OR RECOVERY
Year ended March 31, 2016

	2016				
	Authorized [2]	Actual Revenue Recognized	Deferred Revenue	Total Revenue Received/ Receivable	(Shortfall)/ Excess
			(in thousands)		
Occupational Health and Safety	$ 43,307	$ 40,945	$ 1,686	$ 42,631	$ (2,362)
Internationally Educated Professionals	1,075	1,075	-	1,075	-
International Educational Assessment Services	525	734	-	734	209
International Educational Assessment Services Expansion	1,600	450	-	450	(1,150)
	46,507	43,204	1,686	44,890	(3,303)
Occupational Health and Safety Capital	900	669	-	669	(231)
	900	669	-	669	(231)
	$ 47,407	$ 43,873	$ 1,686	$ 45,559	$ (3,534) [1]

[1] Shortfall is deducted from current year's authorized spending, as disclosed in Schedule 4 to the financial statements.

[2] The authorized spending for credits or recoveries is updated for Treasury Board approvals (Treasury Board Minute 36/2015). Only expenditures are authorized.

Occupational Health and Safety recovery, under the agreement with the Workers' Compensation Board (WCB), is for the purpose of defraying part of the costs of administering the Occupational Health and Safety Act.

Internationally Educated Professionals is for the purpose of developing options for removing barriers to licensure and employment and facilitating labour market entry and professional growth for internationally educated professionals.

International Educational Assessment Services recovery is for the purpose of providing international educational assessment services for immigrants seeking employment and/or education in Alberta.

Schedule 3

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2016

	2016		2015
	Budget	**Actual**	**Actual** Restated (Note 3)
		(in thousands)	
Salaries, Wages and Employee Benefits	$ 94,040	$ 89,692	$ 80,320
Supplies and Services	36,812	27,537	22,643
Supplies and Services from Support Service Arrangements with Related Parties[1]	-	1,830	2,899
Grants	53,494	54,470	40,426
Amortization of Tangible Capital Assets	1,876	1,750	1,819
Other	70	50	440
	$ 186,292	$ 175,329	$ 148,547

(1) The ministry receives Internal Audit services from the Ministry of Human Services, and Human Resources, Information Management and Technology, and Administrative services from the Ministry of Advanced Education.

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2016

	Voted Estimate(1)	Supplementary Estimate(2)	Adjust-ments(3)	Adjusted Voted Estimate	Voted Actuals(4)	Unexpended (Over Expended)
			(in thousands)			
Program – Operating Expense						
Ministry Support Services						
1.1 Minister's Office	$ 637	$ -	$ -	$ 637	$ 489	$ 148
1.2 Deputy Minister's Office	618	-	-	618	705	(87)
1.3 Human Resources	990	-	300	1,290	1,680	(390)
1.4 Corporate Services	7,032	-	2,200	9,232	9,728	(496)
1.5 Communications	1,041	-	-	1,041	972	69
	10,318	-	2,500	12,818	13,574	(756)
Workforce Strategies						
2.1 Program Support	3,407	-	-	3,407	2,951	456
2.2 Learning Information	2,303	-	-	2,303	2,128	175
2.3 Settlement and Integration	8,871	-	4,000	12,871	12,688	183
2.4 Business and Industry Partnerships	2,172	-	-	2,172	2,129	43
2.5 Policy and Labour Market Information	6,718	-	-	6,718	6,467	251
2.6 Labour Attraction and Retention	30,930	-	-	30,930	29,385	1,545
2.7 Labour Qualifications and Mobility	8,212	-	-	8,212	6,694	1,518
2.8 Labour Market Programs	34,561	3,089	(8,800)	28,850	23,230	5,620
	97,174	3,089	(4,800)	95,463	85,672	9,791

Schedule 4 (Cont'd)

MINISTRY LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2016

	Voted Estimate(1)	Supplementary Estimate(2)	Adjust-ments(3)	Adjusted Voted Estimate	Voted Actuals(4)	Unexpended (Over Expended)
			(in thousands)			
Safe, Fair and Healthy Workplaces						
3.1 Medical Panels for Alberta Workers' Compensation	$ 340	$ -	$ -	$ 340	$ 330	$ 10
3.2 Labour Relations	1,976	-	-	1,976	2,095	(119)
3.3 Occupational Health and Safety	43,307	-	-	43,307	40,945	2,362
3.4 Employment Standards	14,671	-	-	14,671	14,005	666
	60,294	-	-	60,294	57,375	2,919
4. **Labour Relations Board**	3,631	-	-	3,631	3,351	280
5. **Appeals Commission for Alberta Workers' Compensation**	12,999	-	-	12,999	12,168	831
Credit or Recovery (Shortfall) (Schedule 2)	-	-	-	-	-	(3,303)
Total	$ 184,416	$ 3,089	$ (2,300)	$ 185,205	$ 172,140	$ 9,762
Lapse/(Encumbrance)						$ 9,762

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2016

	Voted Estimate[1]	Supplementary Estimate[2]	Adjust-ments[3]	Adjusted Voted Estimate	Voted Actuals[4]	Unexpended (Over Expended)
			(in thousands)			
Program – Capital Investment						
1 Ministry Support Services	$ -	$ -	$ 100	$ 100	$ 51	$ 49
2 Workforce Strategies	-	-	2,100	2,100	1,809	291
3 Safe, Fair and Healthy Workplaces	900	-	100	1,000	757	243
5 Appeals Commission for Alberta Workers' Compensation	300	-	-	300	85	215
Credit or Recovery (Shortfall) (Schedule 2)	-	-	-	-	-	(231)
Total	$ 1,200	$ -	$ 2,300	$ 3,500	$ 2,702	$ 567
Lapse/(Encumbrance)						$ 567

---

[1] As per "Expense Vote by Program" and "Capital Investment Vote by Program" page 172 and 173 of 2015-16 Government Estimates.

[2] Per the Supplementary Supply Estimates approved on March 9, 2016 of Royal Assent of the Appropriations Acts.

[3] Adjustments include encumbrances and credit or recovery increases approved by Treasury Board. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding Voted Estimate in the current year.

[4] Actuals exclude non-voted amounts such as amortization and valuation adjustments.

Schedule 5

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
LOTTERY FUND ESTIMATES
Year ended March 31, 2016

	2015-16 Lottery Fund Estimates	2015-16 Actual	Unexpended (Over Expended)
		(in thousands)	
Workforce Strategies			
2.3 Settlement and Integration	$ 4,574	$ 4,574	$ -
	$ 4,574	$ 4,574	$ -

This table shows details of the initiatives within the ministry that are funded by the Lottery Fund and compares it to the actual results.

Schedule 6 (a)

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE - DEPARTMENT
Year ended March 31, 2016

	2016				2015
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Deputy Minister[4] [5]	$ 239,697	$ 32,260	$ 59,124	$ 331,082	$ 344,356
Executives					
Assistant Deputy Minister, Safe, Fair and Healthy Workplace	195,105	11,170	51,054	257,330	230,856
Assistant Deputy Minister, Workforce Strategies	201,946		50,692	252,638	275,906
Assistant Deputy Minister, Strategy and Policy[6]	88,783	-	23,897	112,680	-
Assistant Deputy Minister, Corporate Services and Information[7]	83,141	-	23,556	106,697	-
Assistant Deputy Minister, WCB Review Secretariat[8]	95,963	-	26,581	122,544	-
Executive Director, Human Resources[9]	77,172	-	20,118	97,290	-

---

[1] Base salary includes regular salary and earnings such as acting pay.

[2] Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2016.

[3] Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

[4] Automobile provided, no dollar amount included in other non-cash benefits.

[5] The position was occupied by three individuals during the year: April 1 to July 3, 2015; July 6, 2015 to February 1, 2016; February 2 to March 31, 2016.

[6] Position created on September 30, 2015.

[7] Position created on October 14, 2015.

[8] Position created on October 1, 2015.

[9] Position created on September 4, 2015.

Schedule 6 (b)

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE – LABOUR RELATIONS BOARD
Year ended March 31, 2016

	2016				2015
	Base Salary(1)	Other Cash Benefits(2)	Other Non-cash Benefits(3)	Total	Total
Senior Officials					
Chair(4) (5)	$ 277,133	$ -	$ 8,302	$ 285,435	$ 279,568
Executives					
Vice Chair	83,928	14,005	1,305	99,238(6)	169,489
Vice Chair	170,457	-	44,326	214,784	208,603
Vice Chair	170,457	-	42,773	213,231	206,524
Executive Director	159,544	-	42,081	201,625	191,396

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2016.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) Salary includes pay in lieu of benefits.

(6) The 2016 total was for period from April 1 to September 28, 2015.

Schedule 6 (c)

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE – APPEALS COMMISSION FOR ALBERTA WORKERS' COMPENSATION
Year ended March 31, 2016

	2016				2015
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Senior Officials					
Chief Appeals Commissioner[4][5]	$ 249,197	$ -	$ 6,310	$ 255,507	$ 246,027
Executives					
Vice Chair[6]	167,122	10,123	43,684	220,929	211,084
Vice Chair	168,396	-	31,628	200,024	212,498
Director	106,833	-	30,283	137,116	130,320

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2016.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) Salary includes pay in lieu of benefits.

(6) The position was occupied by two individuals during the year: April 1 to December 31, 2015; January 1 to March 31, 2016.

Schedule 7

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2016
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Ministry.

The ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this schedule.

The ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2016	**2015 (Restated)**
Expenses – Directly Incurred		
Grants	$ 19,439	$ 20,068
Other services	3,525	1,266
	$ 22,964	$ 21,334
Tangible Capital Assets Transferred In (Out)	$ 64	$ 123
Payable to	$ (2,088)	$ (116)
Contractual Obligations	$ 319	$ -

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2016
(in thousands)

The ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Other Entities	
	2016	**2015**
Expenses – Incurred by Others		
Accommodation	$ 5,269	$ 5,070
Legal Services	1,341	1,450
Business Services	1,197	968
	$ 7,807	$ 7,488

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2016
(in thousands)

	2016					2015
		Expenses – Incurred by others				(Restated)
Program	Expenses[1]	Accommodation Costs[2]	Legal Services[3]	Business Services[4]	Total Expenses	Total Expenses
Ministry Support Services	$ 14,028	$ 643	$ 447	$ 136	$ 15,254	$ 9,653
Workforce Strategies	86,376	1,889	64	400	88,729	69,522
Safe, Fair and Healthy Workplaces	59,199	2,579	828	545	63,151	61,269
Labour Relations Board	3,327	158	-	33	3,518	3,388
Appeals Commission for Alberta Workers' Compensation	12,399	-	2	83	12,484	12,203
	$ 175,329	$ 5,269	$ 1,341	$ 1,197	$ 183,136	$ 156,035

[1] Expenses – Directly Incurred as per Statement of Operations.

[2] Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 7, allocated by the number of employees per program.

[3] Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

[4] Costs shown for Business Services include charges for IT support, finance services and other services on Schedule 7, allocated by the number of employees per program.

WCB-Alberta

Consolidated Financial Statements and Notes

For the year ended December 31, 2015

41 **Responsibility for Financial Reporting**
42 **Independent Auditor's Report**
43 **Actuarial Statement of Opinion**

Consolidated Financial Statements

44 **Statement of Financial Position**
45 **Statement of Comprehensive Income**
46 **Statement of Changes In Funded Position**
47 **Statement of Cash Flows**

Notes to the Consolidated Financial Statements

48 1. Reporting Entity
48 2. Significant Accounting Policies
50 3. Accounting Policy Changes
50 4. Funding
51 5. Investments
55 6. Investment Risk Management
58 7. Property, Plant and Equipment
60 8. Intangible Assets
61 9. Lease and Other Commitments
62 10. Employee Benefits
65 11. Claim Benefit Liabilities
69 12. Claim Benefit Risks
70 13. Premium Revenue
71 14. Claims and Claims Management Expenses
72 15. Administration Expense
72 16. Investment Income and Expense
74 17. Related Party Transactions
75 18. Contingencies and Indemnification
76 19. Supplemental Information

Responsibility for Financial Reporting

The consolidated financial statements of the Workers' Compensation Board – Alberta were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting principles consistent with International Financial Reporting Standards.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The effectiveness of controls over financial reporting was assessed and found to provide reasonable assurance that internal controls at December 31, 2015 operated effectively with no material weaknesses in the design or operation of the controls.

The Board of Directors is responsible for overseeing management in the performance of financial reporting responsibilities and has approved the consolidated financial statements included in the annual report.

The Board of Directors is assisted in its responsibilities by its Audit Committee. This committee reviews and recommends approval of the consolidated financial statements and meets periodically with management, internal and external auditors, and actuaries concerning internal controls and all other matters relating to financial reporting.

Eckler Ltd. has been appointed as the independent consulting actuary to the WCB. Their role is to complete an independent actuarial valuation of the claim benefit liabilities included in the consolidated financial statements of the WCB and to report thereon in accordance with generally accepted actuarial practice.

The Office of the Auditor General, the independent auditor of the WCB, has performed an independent audit of the consolidated financial statements of the WCB in accordance with Canadian generally accepted auditing standards. The Independent Auditor's Report outlines the scope of this independent audit and the opinion expressed.

[Original signed by]

E. James Kindrake
Chair, Board of Directors
Workers' Compensation Board – Alberta

[Original signed by]

Guy R. Kerr
President & Chief Executive Officer
Workers' Compensation Board – Alberta

[Original signed by]

Ron J. Helmhold, FCPA, FCA
Chief Financial Officer
Workers' Compensation Board – Alberta

Independent Auditor's Report

AUDITOR
GENERAL
Alberta

To the Board of Directors of the Workers' Compensation Board – Alberta

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Workers' Compensation Board – Alberta, which comprise the consolidated statement of financial position as at December 31 2015, and the consolidated statements of comprehensive income, changes in funded position and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Workers' Compensation Board – Alberta as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General
April 26, 2016
Edmonton, Alberta

CONSULTANTS + ACTUARIES

Actuarial Statement of Opinion

on the Valuation of the Benefit Liabilities of the Workers' Compensation Board – Alberta as at December 31, 2015

I have completed the actuarial valuation of the benefit liabilities of the Workers' Compensation Board – Alberta (WCB) for the consolidated financial statements of the WCB as at December 31, 2015 (the "valuation date").

In my opinion, the actuarial liabilities of $6,867.3 million make reasonable provision for future payments for short term disability, vocational rehabilitation, long term disability, survivor and health care benefits with respect to claims which occurred on or before the valuation date, and for all occupational disease claims expected to arise after the valuation date as a result of exposures incurred in the workplace on or before the valuation date in respect of occupational diseases with a long latency period that are recognized by the WCB. This amount provides for future claim administration costs, but does not include a provision for benefits and payments that are on a self-insured basis.

The valuation was based on the provisions of the *Workers' Compensation Act* of Alberta and on the WCB's policies and administrative practices in effect at the time of the valuation.

The data on which the valuation is based were provided by the WCB; I applied such checks of reasonableness of the data as I considered appropriate, and have concluded that the data are sufficiently reliable to permit a realistic valuation of the liabilities and that the data are consistent with WCB's consolidated financial statements. In my opinion, the data on which the valuation is based are sufficient and reliable for the purpose of the valuation.

The economic assumptions adopted for purposes of computing the liabilities are consistent with the WCB's funding and investment policies. For this valuation, an annual real rate of return of 2.75% was used to discount expected payments subject to inflation. Other economic assumptions underlying the calculations include annual changes in the Consumer Price Index (CPI) of 2.50%, increase for benefits subject to Cost of Living Adjustments at CPI minus 0.50%, as well as health care costs and vocational rehabilitation benefits assumed to grow at annual rates of 5.00% and 3.50% respectively. In my opinion, the assumptions are appropriate for the purpose of the valuation.

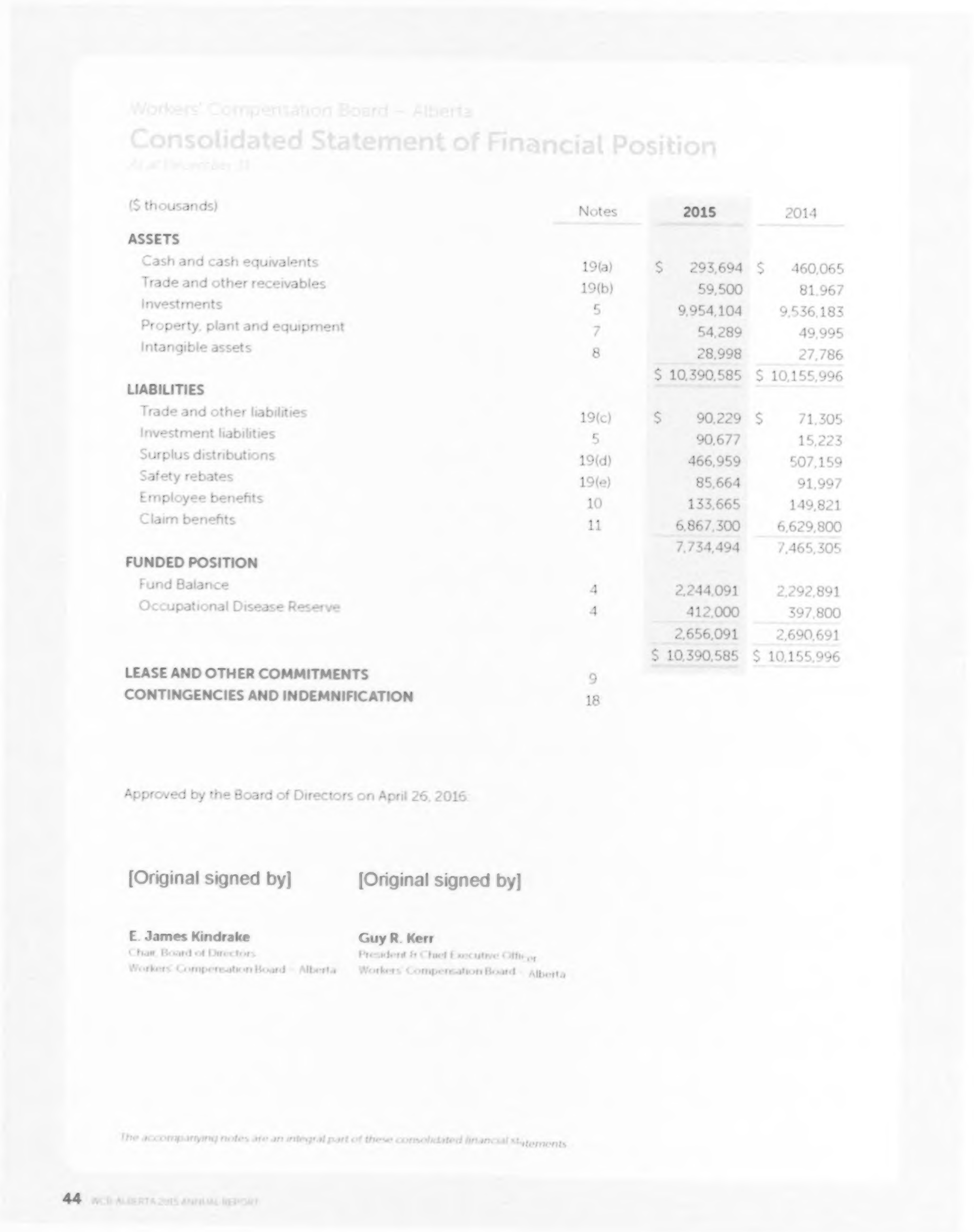
The assumptions and methods employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. Projections of future claim payments and awards have been made using factors developed from the WCB's claims experience, mortality and other assumptions. In my opinion, the methods employed in the valuation are appropriate for the purpose of the valuation.

There has been no change made to the actuarial methods and assumptions since the previous valuation. Details of the data, actuarial assumptions, valuation methods and analysis of results are set out in my actuarial report as at the valuation date, of which this statement of opinion forms part.

In my opinion, the amount of the benefit liabilities makes appropriate provision for all personal injury compensation obligations and the consolidated financial statements fairly represent the results of the valuation. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.

[Original signed by]

Richard Larouche, FSA, FCIA
Actuary
Eckler Ltd
April 12, 2016



Workers' Compensation Board – Alberta

Consolidated Statement of Financial Position

As at December 31

($ thousands)	Notes	**2015**	2014
ASSETS			
Cash and cash equivalents	19(a)	$ 293,694	$ 460,065
Trade and other receivables	19(b)	59,500	81,967
Investments	5	9,954,104	9,536,183
Property, plant and equipment	7	54,289	49,995
Intangible assets	8	28,998	27,786
		$ 10,390,585	$ 10,155,996
LIABILITIES			
Trade and other liabilities	19(c)	$ 90,229	$ 71,305
Investment liabilities	5	90,677	15,223
Surplus distributions	19(d)	466,959	507,159
Safety rebates	19(e)	85,664	91,997
Employee benefits	10	133,665	149,821
Claim benefits	11	6,867,300	6,629,800
		7,734,494	7,465,305
FUNDED POSITION			
Fund Balance	4	2,244,091	2,292,891
Occupational Disease Reserve	4	412,000	397,800
		2,656,091	2,690,691
		$ 10,390,585	$ 10,155,996
LEASE AND OTHER COMMITMENTS	9		
CONTINGENCIES AND INDEMNIFICATION	18		

Approved by the Board of Directors on April 26, 2016.

[Original signed by]

E. James Kindrake
Chair, Board of Directors
Workers' Compensation Board – Alberta

[Original signed by]

Guy R. Kerr
President & Chief Executive Officer
Workers' Compensation Board – Alberta

The accompanying notes are an integral part of these consolidated financial statements.

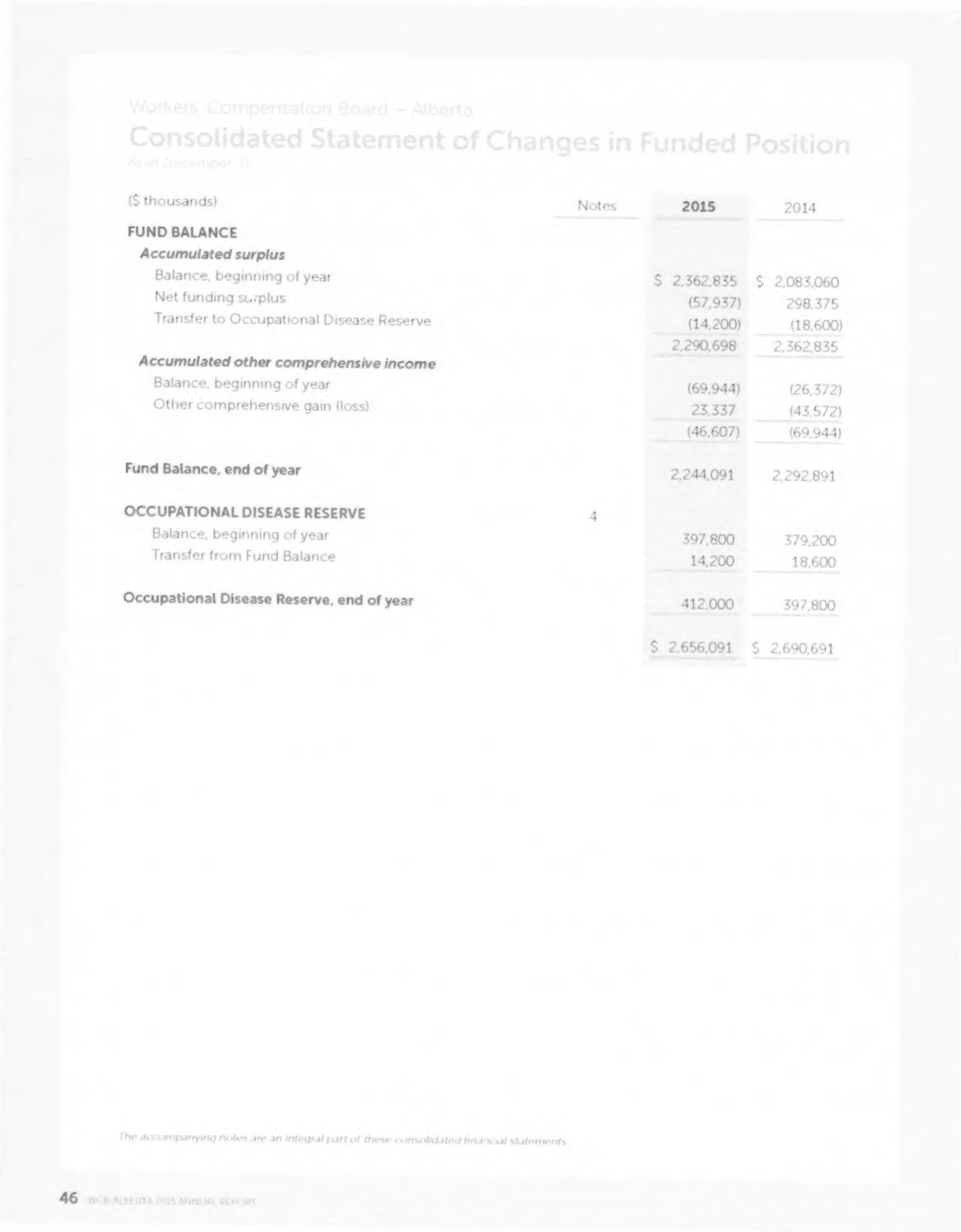
Workers' Compensation Board – Alberta

Consolidated Statement of Comprehensive Income

Year Ended December 31

($ thousands)	Notes	2015 Budget	2015 Actual	2014 Actual
REVENUE				
Premium revenue	13	$ 1,131,058	$ 1,024,635	$ 1,115,225
Investment income	16(a)	456,425	675,045	1,000,786
		1,587,483	1,699,680	2,116,011
EXPENSES				
Claims expense	14	854,890	773,948	796,352
Claims management	14,15	113,354	113,689	108,727
Interest expense on claim benefit liabilities	11	319,000	336,300	274,400
Remeasurement of claim benefit liabilities	11	-	(129,248)	(49,740)
Corporate administration	15	93,271	90,122	86,061
Injury reduction	19(f)	64,543	64,292	61,133
Investment management expense	16(b)	42,139	39,252	41,715
Interest on employee benefit liabilities	10	3,908	5,870	4,819
		1,491,105	1,294,225	1,323,467
OPERATING SURPLUS		96,378	405,455	792,544
Funding policy surplus distributions	4,19(d)	(432,734)	(463,392)	(494,169)
NET FUNDING SURPLUS		(336,356)	(57,937)	298,375
OTHER COMPREHENSIVE INCOME				
Remeasurement of employee benefit liabilities	10	-	23,337	(43,572)
TOTAL COMPREHENSIVE INCOME		$ (336,356)	$ (34,600)	$ 254,803

The accompanying notes are an integral part of these consolidated financial statements



Workers' Compensation Board – Alberta

Consolidated Statement of Changes in Funded Position

As at December 31

($ thousands)	Notes	**2015**	2014
FUND BALANCE			
Accumulated surplus			
Balance, beginning of year		$ 2,362,835	$ 2,083,060
Net funding surplus		(57,937)	298,375
Transfer to Occupational Disease Reserve		(14,200)	(18,600)
		2,290,698	2,362,835
Accumulated other comprehensive income			
Balance, beginning of year		(69,944)	(26,372)
Other comprehensive gain (loss)		23,337	(43,572)
		(46,607)	(69,944)
Fund Balance, end of year		2,244,091	2,292,891
OCCUPATIONAL DISEASE RESERVE	4		
Balance, beginning of year		397,800	379,200
Transfer from Fund Balance		14,200	18,600
Occupational Disease Reserve, end of year		412,000	397,800
		$ 2,656,091	$ 2,690,691

The accompanying notes are an integral part of these consolidated financial statements.

Workers' Compensation Board – Alberta

Consolidated Statement of Cash Flows

Year Ended December 31

($ thousands)	**2015**	2014
OPERATING ACTIVITIES		
Cash inflows (outflows) from business operations		
Employer premiums	$ 1,054,761	$ 1,135,223
Benefits to claimants and/or third parties on their behalf	(730,008)	(699,940)
Administrative and other goods and services	(197,892)	(202,164)
Injury reduction program	(64,292)	(61,133)
Net cash from operating activities	62,569	171,986
INVESTING ACTIVITIES		
Cash inflows (outflows) related to investment assets		
Interest income received	78,409	83,381
Dividend income received	56,646	67,420
Pooled fund distributions received	190,893	167,294
Settlement of derivatives	(166,292)	(47,749)
Investment management expenses	(39,345)	(42,294)
Proceeds from sale of investments, net of cash purchases	440,007	346,105
Purchase of investments through reinvestment of income received	(267,085)	(265,167)
Cash outflows related to operating assets		
Purchase of property, plant and equipment	(10,484)	(7,705)
Purchase of computer software	(8,097)	(12,021)
Net cash from investing activities	274,652	289,264
FUNDING ACTIVITIES		
Cash outflows from funding activities		
Surplus distributions	(503,592)	(511,488)
Net cash used for funding activities	(503,592)	(511,488)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(166,371)	(50,238)
Cash and cash equivalents, beginning of year	460,065	510,303
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 293,694	$ 460,065

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015 with comparatives for the year ended December 31, 2014
(thousands of dollars unless stated otherwise)

1. REPORTING ENTITY

The Workers' Compensation Board - Alberta (WCB) is a provincial board created by legislation in 1918. As a statutory corporation, WCB administers the workers' compensation system for the province of Alberta under the authority of the *Workers' Compensation Act* (the Act). WCB's corporate head office is located in Edmonton, Alberta, with operations exclusively within the province of Alberta. WCB's legislated mandate is to provide disability benefits to workers who sustain injuries in the course of employment.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied in the preparation of the consolidated financial statements for all years presented, unless otherwise indicated.

GENERAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They comply, in all material respects, with IFRS as issued by the International Accounting Standards Board (IASB) as set out in Part I of the *Chartered Professional Accountants of Canada Handbook* as at and applicable on December 31, 2015.

These consolidated financial statements have been prepared on an historic cost basis except for investments reported at fair value. The principal accounting policies applied in the preparation of the consolidated financial statements on an IFRS basis are set out below.

Basis of consolidation

The consolidated financial statements include the assets, liabilities, and results of operations of WCB and its wholly owned subsidiaries, both of which are Alberta registered corporations.

- **WCB Real Assets Ltd.** – holds portfolio investments in infrastructure, and timberlands.
- **WCB Global Real Assets Ltd.** – holds portfolio investments in commercial real estate.

All intercompany transactions and balances have been eliminated on consolidation.

Financial statement presentation

WCB presents its consolidated statement of financial position in order of liquidity.

A financial asset and financial liability may be offset only when an entity currently has a legally enforceable and unconditional right of set-off and intends either to settle the asset and liability on a net basis, or to realize the asset and settle the liability simultaneously. Because WCB receivables with credit balances and derivative contracts in a payable position do not satisfy the critical condition of a legally enforceable right of set-off, they are reclassified and presented as trade and other liabilities, and investment liabilities respectively.

The consolidated statement of comprehensive income reports operating results arising from WCB's primary activities: core business operations including risk underwriting, premium assessment and collection, benefit processing, injury treatment and vocational rehabilitation, and financial management including investment portfolio management and claim benefit liability valuation. Administration expense is presented in the consolidated statement of comprehensive income by function. Other comprehensive income consists of net changes in remeasurement of post-employment defined benefit plan liabilities, which is an item that will not be subsequently reclassified to income or expenses.

In addition to performance reporting, the consolidated statement of comprehensive income also reports funding actions arising from the application of Funding Policy as established by the Board of Directors. Such actions include appropriations of excess surplus for distribution back to employers, or collection of special levies required to replenish funding deficits.

Critical judgements and accounting estimates

Management incorporates critical judgements and accounting estimates in developing and applying accounting policies for recognition and measurement. Such judgements and estimates, which reflect best information at a point in time, affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results in subsequent periods could differ from the judgements and estimates used by management in these consolidated financial statements. These differences, which may be material, could require adjustment in those subsequent periods.

Some accounting measurements require management's best estimates for those transactions for which sufficient information may not be available to record a precise amount. Employee benefit liabilities (Note 10), Claim benefit liabilities (Note 11), Premium revenue and the Partnerships in injury reduction rebates accrual (Note 13) are the most significant items that are based on accounting estimates.

The areas where judgements affect the consolidated financial statements are described below.

Control over an investee

In preparing consolidated financial statements, WCB must apply judgement to determine whether it has control or significant influence with respect to the activities of its investees. Control arises from WCB holding voting or contractual rights to direct the activities of the investees affecting returns, and the ability to exercise its voting and/or contractual rights to affect those returns materially. Substantive voting power with respect to relevant activities confers control and results in consolidation of an investee.

For structured entities, such as limited partnerships and similar entities where control stems from contractual or other rights rather than voting power, significant use of judgement is required to evaluate the determinants of control. From its analysis, WCB has concluded that it does not control or have significant influence over its structured entities. As passive portfolio investments, such interests would apply financial instruments accounting.

For further details, see the section *Interests in unconsolidated structured entities* at the end of Note 5.

Fair value measurement

Certain externally managed investments are measured at fair value using valuation models based on discounted future cash flows, rather than directly from observable market prices. Judgement is required to design and build the valuation model(s) using appropriate quantitative methodologies and to select and/or customize the key input assumptions from observable inputs. This includes such factors as the expected yield (i.e., discount rate), revenue and expense growth rates, effect of future inflation, terminal value of assets, income taxes, and estimates of the timing and amount of the relevant cash flows.

For further details, see the section *Valuation of financial instruments* in Note 5.

Foreign currency translation

WCB's consolidated financial statements are presented in Canadian dollars, which is also the functional currency. All financial information presented has been rounded to the nearest thousand, unless otherwise stated. Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the consolidated statement of financial position. Exchange differences arising from settlement of monetary items are included in income in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in effect when those transactions occurred.

Cash equivalents

Cash equivalents include short-term, liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash and short-term investments held by custodians are not available for general use, and are accordingly included in investments.

Finance expense

Finance expense comprises primarily recognition of interest (i.e., time value of money) inherent in discounted liabilities. Significant discounted liabilities include claim benefit liabilities, employee benefit plans and lease obligations.

SPECIFIC ACCOUNTING POLICIES

To facilitate a better understanding of WCB's consolidated financial statements, specific accounting policies are disclosed in the related notes:

Note	Topic	Page
5	Investments	51
7	Property, plant and equipment	58
8	Intangible assets	60
9	Lease and other commitments	61
10	Employee benefits	62
11	Claim benefit liabilities	65
13	Premium revenue	70
16	Investment income and expense	72

3. ACCOUNTING POLICY CHANGES

STANDARDS, AMENDMENTS, AND INTERPRETATIONS ISSUED AS OF YEAR END BUT NOT YET EFFECTIVE

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued IFRS 9 in its entirety, replacing previous versions and IAS 39. IFRS 9 (2014) retains but simplifies the classification and measurement model for financial assets and financial liabilities: amortized cost, fair value through OCI (FVOCI), and fair value through income (FVTI). A new expected credit loss (ECL) model supersedes the incurred loss impairment model used in IAS 39. IFRS 9 (2014) also relaxes the requirements for hedge accounting, and replaces restrictive hedge effectiveness testing with a qualitative assessment only. IFRS 9 (2014) is effective in its entirety for annual periods beginning on or after January 1, 2018, with early adoption permitted. Retrospective application is required. WCB currently applies IFRS 9 (2010) *Financial Instruments: Classification and Measurement*.

After completing its assessment of IFRS 9 (2014), WCB has concluded that its business model for portfolio investment does not qualify for the revised amortized cost and FVOCI classifications, with FVTI remaining the appropriate designation. Amortized cost is applicable to non-investment financial assets, principally trade receivables, for which WCB will apply the simplified impairment approach, resulting in recognition of a loss allowance for lifetime ECL at origination of the receivable. Under the revised rules for hedge accounting, which remains a policy choice under IFRS 9 (2014), hedging of WCB's currency risk continues to be ineligible for hedge accounting as it is considered a 'macro' hedge, which has been scoped out of the new standard.

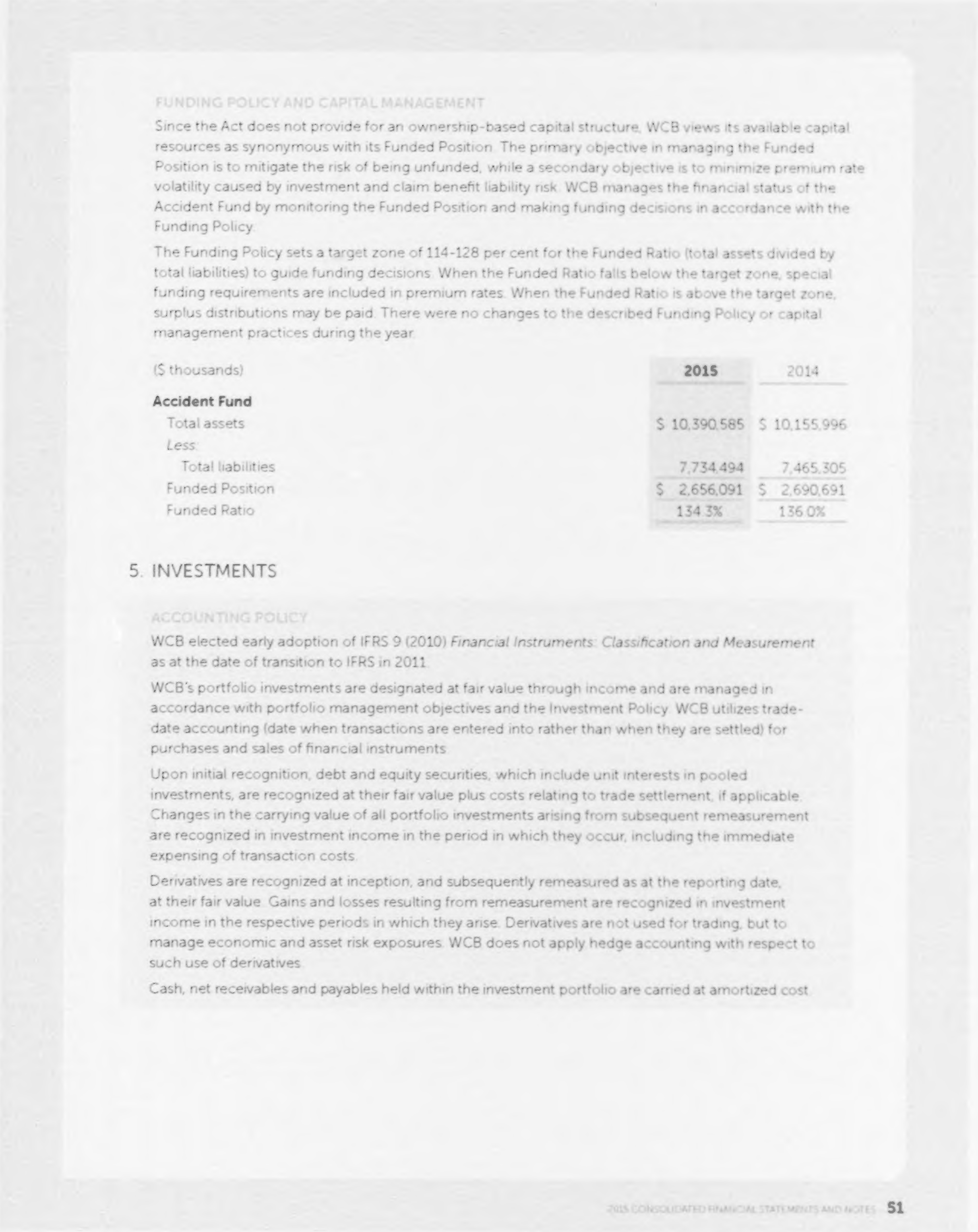
Based on this assessment, IFRS 9 (2014) is not expected to have a material impact on results of operations or financial position. WCB has not yet decided on an adoption date.

4. FUNDING

ACCIDENT FUND

The Act stipulates the creation of an Accident Fund (the Fund) holding sufficient funds for the payment of present and future compensation. The Act requires WCB to maintain a minimum 100 per cent funded ratio at all times. This Funded Ratio represents the current funding status of the Fund.

The Funded Position is maintained through two reserves within the Accident Fund: the Fund Balance and the Occupational Disease Reserve (ODR). The Fund Balance represents accumulated net operating surpluses retained against financial uncertainty. The ODR was established through an appropriation from the Fund Balance to provide for costs arising from latent occupational injury or disease where a causal link to the workplace has not been established, but may be established in the future. The ODR is maintained at six per cent of claim benefit liabilities in each year through a transfer from or to the Fund Balance.



FUNDING POLICY AND CAPITAL MANAGEMENT

Since the Act does not provide for an ownership-based capital structure, WCB views its available capital resources as synonymous with its Funded Position. The primary objective in managing the Funded Position is to mitigate the risk of being unfunded, while a secondary objective is to minimize premium rate volatility caused by investment and claim benefit liability risk. WCB manages the financial status of the Accident Fund by monitoring the Funded Position and making funding decisions in accordance with the Funding Policy.

The Funding Policy sets a target zone of 114-128 per cent for the Funded Ratio (total assets divided by total liabilities) to guide funding decisions. When the Funded Ratio falls below the target zone, special funding requirements are included in premium rates. When the Funded Ratio is above the target zone, surplus distributions may be paid. There were no changes to the described Funding Policy or capital management practices during the year.

($ thousands)	**2015**	2014
Accident Fund		
Total assets	$ 10,390,585	$ 10,155,996
Less:		
Total liabilities	7,734,494	7,465,305
Funded Position	$ 2,656,091	$ 2,690,691
Funded Ratio	134.3%	136.0%

5. INVESTMENTS

ACCOUNTING POLICY

WCB elected early adoption of IFRS 9 (2010) *Financial Instruments: Classification and Measurement* as at the date of transition to IFRS in 2011.

WCB's portfolio investments are designated at fair value through income and are managed in accordance with portfolio management objectives and the Investment Policy. WCB utilizes trade-date accounting (date when transactions are entered into rather than when they are settled) for purchases and sales of financial instruments.

Upon initial recognition, debt and equity securities, which include unit interests in pooled investments, are recognized at their fair value plus costs relating to trade settlement, if applicable. Changes in the carrying value of all portfolio investments arising from subsequent remeasurement are recognized in investment income in the period in which they occur, including the immediate expensing of transaction costs.

Derivatives are recognized at inception, and subsequently remeasured as at the reporting date, at their fair value. Gains and losses resulting from remeasurement are recognized in investment income in the respective periods in which they arise. Derivatives are not used for trading, but to manage economic and asset risk exposures. WCB does not apply hedge accounting with respect to such use of derivatives.

Cash, net receivables and payables held within the investment portfolio are carried at amortized cost.

Valuation of financial instruments

The fair value of financial instruments as at the reporting date is determined as follows:

Debt and equity securities

- Publicly traded equity securities are based on their closing prices. Debt securities traded over- the-counter are based on the average of the latest bid/ask prices provided by independent third party securities valuation companies.
- Non-publicly traded pooled funds are valued at the net asset value of the funds, which reflect the fair values of fund assets less fund liabilities.
  - The fair value of the underlying loans in the commercial mortgage fund is based on the market interest rate spread over Bank of Canada bonds with a similar term to maturity.
- Structured entities such as limited partnerships and similar private equity funds are also valued at the net asset value of the funds.
  - The fair value of the underlying real assets in real estate, infrastructure, and timberlands funds are based on independent annual appraisals in accordance with generally accepted valuation standards, net of any financing liabilities against specific fund assets.

Further discussion of the valuation of structured entities is provided in the Level 3 fair value hierarchy disclosure in the following section.

Derivative contracts

- Written forward foreign-exchange contracts are valued based on the change in the underlying exchange rate relative to the Canadian dollar.
- Tradable equity index futures, whose prices change according to the underlying market index, are valued based on exchange-listed prices.
- Bond futures, whose prices change according to the underlying bond price, are valued based on exchange-listed prices.

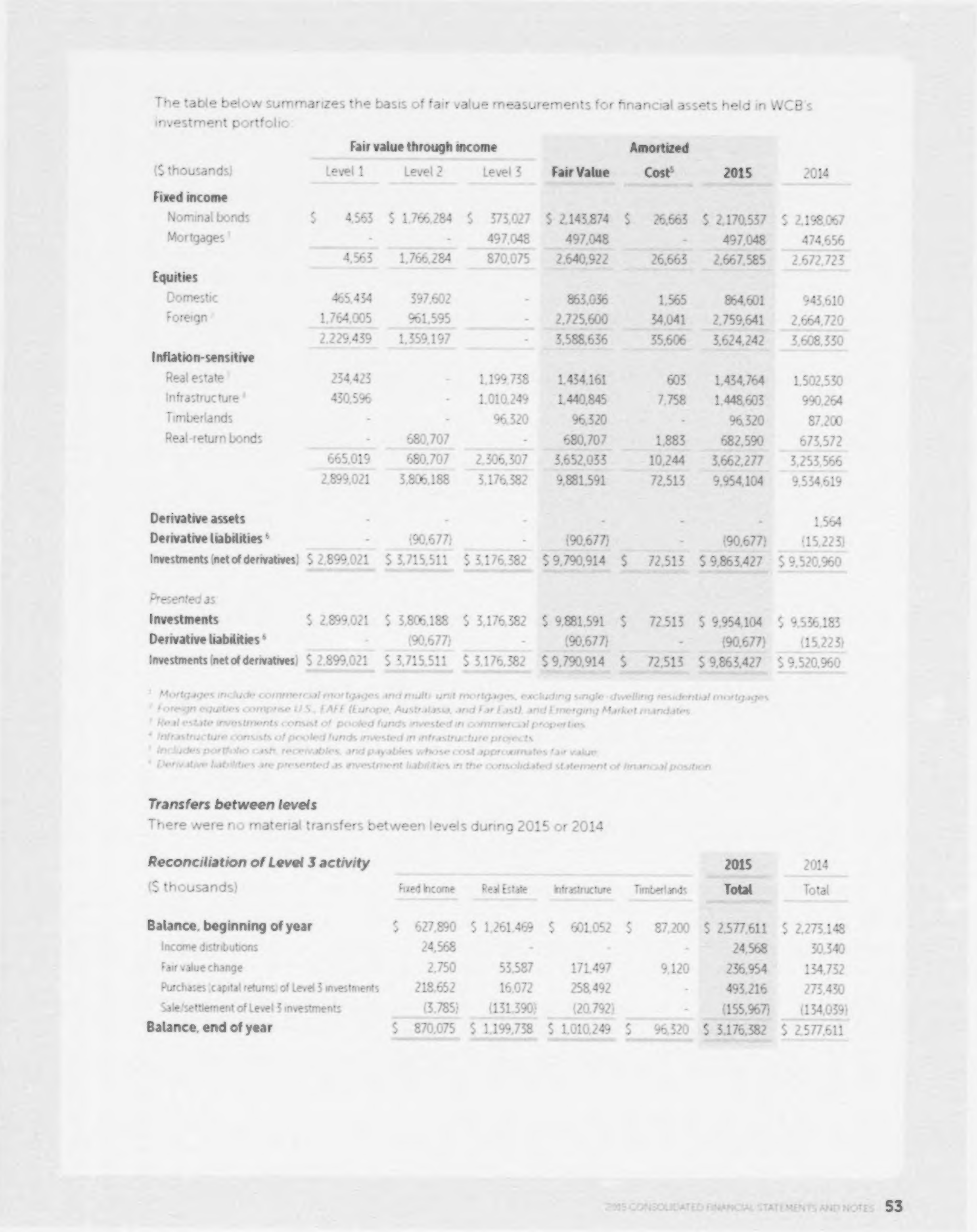
INVESTMENT PORTFOLIO HOLDINGS

WCB's portfolio investments are all designated at fair value through income. The table in this section presents the fair value of WCB's investments as at December 31, together with their classifications under the fair value measurement hierarchy. Note 16 *Investment Income and Expense* provides a breakdown of investment income by type.

Fair value classification hierarchy

The fair value of WCB's investments recorded on the consolidated statement of financial position was determined using one of the following valuation techniques:

Level 1	The fair value is based on quoted prices in active markets for identical assets or liabilities. This level includes equity securities and derivative contracts that are traded in an active exchange market.
Level 2	The fair value is based on inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs based on observable market data. It includes pooled funds invested in traded securities, as well as derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
Level 3	The fair value is based on unobservable inputs that are significant to the fair value of the assets or liabilities and have little or no market activity. This level includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques; as well as instruments for which the determination of fair value requires significant management judgement or estimation. The most significant inputs affecting the fair value calculations include the projected operating and capital-related cash flows and the associated discount rate. The discount rate is responsive to changes in macroeconomic factors affecting the risk profile of invested assets such as demand, market conditions, financial risks, future inflation, and so on. This level includes pooled funds invested in debt securities, private equity, real estate, infrastructure and timberlands.



The table below summarizes the basis of fair value measurements for financial assets held in WCB's investment portfolio:

	Fair value through income				Amortized		
($ thousands)	Level 1	Level 2	Level 3	**Fair Value**	**Cost[5]**	**2015**	2014
Fixed income							
Nominal bonds	$ 4,563	$ 1,766,284	$ 373,027	$ 2,143,874	$ 26,663	$ 2,170,537	$ 2,198,067
Mortgages [1]	-	-	497,048	497,048	-	497,048	474,656
	4,563	1,766,284	870,075	2,640,922	26,663	2,667,585	2,672,723
Equities							
Domestic	465,434	397,602	-	863,036	1,565	864,601	943,610
Foreign [2]	1,764,005	961,595	-	2,725,600	34,041	2,759,641	2,664,720
	2,229,439	1,359,197	-	3,588,636	35,606	3,624,242	3,608,330
Inflation-sensitive							
Real estate [3]	234,423	-	1,199,738	1,434,161	603	1,434,764	1,502,530
Infrastructure [4]	430,596	-	1,010,249	1,440,845	7,758	1,448,603	990,264
Timberlands	-	-	96,320	96,320	-	96,320	87,200
Real-return bonds	-	680,707	-	680,707	1,883	682,590	673,572
	665,019	680,707	2,306,307	3,652,033	10,244	3,662,277	3,253,566
	2,899,021	3,806,188	3,176,382	9,881,591	72,513	9,954,104	9,534,619
Derivative assets	-	-	-	-	-	-	1,564
Derivative liabilities [6]	-	(90,677)	-	(90,677)	-	(90,677)	(15,223)
Investments (net of derivatives)	$ 2,899,021	$ 3,715,511	$ 3,176,382	$ 9,790,914	$ 72,513	$ 9,863,427	$ 9,520,960
Presented as:							
Investments	$ 2,899,021	$ 3,806,188	$ 3,176,382	$ 9,881,591	$ 72,513	$ 9,954,104	$ 9,536,183
Derivative liabilities [6]	-	(90,677)	-	(90,677)	-	(90,677)	(15,223)
Investments (net of derivatives)	$ 2,899,021	$ 3,715,511	$ 3,176,382	$ 9,790,914	$ 72,513	$ 9,863,427	$ 9,520,960

[1] *Mortgages include commercial mortgages and multi-unit mortgages, excluding single-dwelling residential mortgages*

[2] *Foreign equities comprise U.S., EAFE (Europe, Australasia, and Far East), and Emerging Market mandates*

[3] *Real estate investments consist of pooled funds invested in commercial properties*

[4] *Infrastructure consists of pooled funds invested in infrastructure projects*

[5] *Includes portfolio cash, receivables, and payables whose cost approximates fair value*

[6] *Derivative liabilities are presented as investment liabilities in the consolidated statement of financial position*

Transfers between levels

There were no material transfers between levels during 2015 or 2014

Reconciliation of Level 3 activity					**2015**	2014
($ thousands)	Fixed Income	Real Estate	Infrastructure	Timberlands	**Total**	Total
Balance, beginning of year	$ 627,890	$ 1,261,469	$ 601,052	$ 87,200	$ 2,577,611	$ 2,273,148
Income distributions	24,568	-	-	-	24,568	30,340
Fair value change	2,750	53,587	171,497	9,120	236,954	134,732
Purchases (capital returns) of Level 3 investments	218,652	16,072	258,492	-	493,216	273,430
Sale/settlement of Level 3 investments	(3,785)	(131,390)	(20,792)	-	(155,967)	(134,039)
Balance, end of year	$ 870,075	$ 1,199,738	$ 1,010,249	$ 96,320	$ 3,176,382	$ 2,577,611

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Through its investment program WCB is involved with structured entities, which comprise structured vehicles (i.e., limited partnerships and structured equity) invested in operating property assets, as well as pooled funds invested in financial instruments of property-based issuers. The following discusses some unique characteristics of such entities and the nature of the risks attached to them.

Relevant activities of the structured entities that affect returns include identification, selection and/or development, and operation of established properties with stable cash flows and strong capital appreciation potential. Development and execution of an exit strategy is another important activity.

Significant constraints are imposed on funds invested in structured entities, by virtue of their legal agreements, regulatory environment, and the nature and economics of the underlying assets. Once committed, an investor is expected to fund the entire subscribed amount over the term of the agreement (typically over the next five to ten years), unless the investment agreement provides otherwise. Once invested, funds are no longer available to the investor, and withdrawal through sale or transfer of interests is permitted only after a certain period as stipulated in the agreement.

The primary risk to WCB relating to these structured entities is lack of liquidity due to the size of the positions and the limited number of qualifying investors; and, these entities are invested in specialized or long-term assets that are difficult to liquidate due to the nature of their markets. WCB is also exposed to market and operating risks based on the underlying assets held by these entities.

WCB's financial exposure is limited to the net carrying amount of the investment.

The following table provides information about WCB's interests in unconsolidated structured entities.

($ thousands)	2015		2014	
Structured Entity Type by Mandate	**Carrying Value**	**Undrawn Funding Commitments**	Carrying Value	Undrawn Funding Commitments
Limited partnerships				
Nominal bonds	$ 24,876	$ -	$ 28,391	$ -
Real estate	232,894	73,048	223,141	56,471
Infrastructure	717,575	173,329	371,557	335,897
Timberlands	96,320	225,824	87,200	188,295
	1,071,665	472,201	710,289	580,663
Structured equity				
Real estate	506,554	-	481,427	-
	$ 1,578,219	$ 472,201	$ 1,191,716	$ 580,663

6. INVESTMENT RISK MANAGEMENT

INVESTMENT GOVERNANCE

The Board of Directors is ultimately responsible for overall strategic direction and governance of the investment portfolio through its review and approval of the Investment Policy and ongoing monitoring of investment risks, performance, and compliance.

WCB management is responsible for monitoring investment performance, recommending changes to the Investment Policy, and selecting fund managers. WCB retains independent consultants to benchmark the performance of its fund managers, and to advise on the appropriateness and effectiveness of its Investment Policy and practices.

KEY FINANCIAL RISKS

The primary financial risk for WCB is the risk that, in the long term, returns from its investments will not be sufficient to discharge all obligations arising from its claim liabilities. In order to manage this funding risk, risk management for investments has been integrated with risk management of liabilities. WCB's primary risk mitigation strategy is effective execution of its Investment Policy. The Investment Policy target asset mix, and associated risk and return characteristics, have been established to provide guidelines for a broad investment strategy, as well as specific approaches to portfolio management. The Investment Policy also calls for maintaining a well-diversified portfolio, both across and within asset classes, and engaging fund managers who represent a broad range of investment philosophies and styles, operating within a rigorous compliance framework.

WCB has identified key areas of investment risk that directly affect the sufficiency of its investments to fund current and future claim obligations.

Market risks	These risks include movements in equity market prices, interest rates, credit spreads, and foreign currency exchange rates.
Portfolio risks	These risks relate to specific composition and management of WCB's portfolio and include liquidity risk, securities lending risk, counterparty default risk and derivatives risk.

The following sections describe these risks, WCB's exposures, and their respective mitigation strategies.

MARKET RISKS

Equity market risk

WCB is exposed to equity market risk, which is the risk that the fair value of its investments in publicly traded shares will fluctuate in the future because of price changes. WCB's mitigation strategy for equity market risk is to apply disciplined oversight of investment activities within a formal investment control framework that has been reviewed and validated by independent experts to ensure continuous compliance with approved policies and practices.

The table below presents the effect on WCB's equity mandates of a significant adverse change[1] in the key risk variable — the amount of portfolio volatility.

($ thousands)	**2015**		2014	
Equities	**1 std dev**	**2 std dev**	1 std dev	2 std dev
% change in portfolio	(9.3%)	(18.7%)	(9.5%)	(18.9%)
Canadian	$ (80,754)	$ (161,508)	$ (89,242)	$ (178,483)
% change in portfolio	(8.8%)	(17.6%)	(8.1%)	(16.3%)
Global	$ (203,186)	$ (406,371)	$ (176,574)	$ (353,148)
% change in portfolio	(14.4%)	(28.8%)	(13.8%)	(27.5%)
Emerging markets	$ (64,905)	$ (129,810)	$ (67,797)	$ (135,594)

[1] *A change is considered to be material when it exceeds the standard deviation (std dev), which measures the variance in a normal probability distribution. One standard deviation covers 68 per cent of all probable outcomes, two standard deviations include 95 per cent of outcomes. The benchmark deviations are based on 2015 data.*

Fixed income pricing risk

Fixed income pricing risk related to financial securities arises from changes in general financial market or economic conditions that may change the pricing of the entire non-government bond market, specific sectors, or individual issuers. This risk is generally manifested through changes in the security's credit spread. WCB's investment portfolio is exposed to fixed income pricing risk through participation in a Canadian mortgage pool and through direct holdings of Canadian and foreign fixed income securities.

The table below presents the effects of a change in the credit spreads of 50 and 100 bps[1] on the mortgage portfolio and non-government portion of the bond portfolio:

($ thousands)	**2015**		2014	
Change in credit spreads	**+50 bps**	**+100 bps**	+50 bps	+100 bps
Nominal bonds	$ (21,390)	$ (42,779)	$ (18,637)	$ (37,274)
Mortgages	$ (7,704)	$ (15,408)	$ (8,781)	$ (17,562)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The table below presents the effects of a nominal interest rate change of 50 and 100 bps on the respective bond and mortgage portfolios:

($ thousands)	**2015**		2014	
Change in nominal interest rate	**+50 bps**	**+100 bps**	+50 bps	+100 bps
Nominal bonds	$ (67,255)	$ (134,510)	$ (65,871)	$ (131,742)
Real return bonds	$ (53,925)	$ (107,849)	$ (52,572)	$ (105,145)
Mortgages	$ (7,704)	$ (15,408)	$ (8,781)	$ (17,562)

Foreign currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates.

WCB is exposed to currency risk through foreign investments in fixed income, equities, infrastructure and timberlands. The exposures are economically hedged to the Canadian dollar by utilizing futures and forward contracts. The target hedge ratio (percentage of the exposure hedged to Canadian dollars) varies by asset class and currency. The target for fixed income, infrastructure and timberlands is 100 per cent. For foreign equities, the target is 25 per cent for the U.S. dollar and 50 per cent for other major currencies.

WCB's largest foreign currency exposure is to the U.S. dollar, with unhedged holdings of $1,060,346 (2014 – $1,242,195); euro exposure is next, with unhedged holdings of $137,124 (2014 – $135,775). For the current reporting period, the net loss from the currency overlay was $233,579 (2014 – $30,167).

The table below presents the effects on the foreign equity mandate of a material change in the Canadian/U.S. dollar and Canadian/euro exchange rates:

($ thousands)	**2015**		2014	
	CAD/USD	**CAD/EURO**	CAD/USD	CAD/EURO
December 31 spot rate	0.7199	0.6627	0.8634	0.7135
10% appreciation in the Canadian dollar	0.7919	0.7290	0.9497	0.7849
Global	$ (96,396)	$ (12,466)	$ (112,926)	$ (12,343)

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[1] *One basis point (bp) equals 1/100 of 1 per cent: 50 bps = 50/100 of 1 per cent or 0.5 per cent.*

Derivatives risk

Although derivatives represent an important component of WCB's risk management strategy, the portfolio does not contain any derivatives intended for speculative or trading purposes. An example of derivatives used for risk mitigation is the currency overlay described in the currency risk section, which is a partial economic hedge of the currency exposure. From time to time, derivatives are also utilized as a portfolio management technique to replicate a target asset mix or achieve certain asset exposures when it is not possible or cost-effective to hold or sell securities directly.

The notional value of a derivative contract used in an economic hedging arrangement represents the exposure that is being hedged, and is the amount to which a rate or price is applied in order to calculate the exchange of cash flows. Notional amounts are not indicative of the credit risk associated with such derivative contracts. WCB's credit exposure is represented by the replacement cost of all outstanding contracts in a receivable (positive fair value) position. Counterparty default risk with respect to derivative contracts is mitigated in accordance with investment guidelines on counterparty default risk.

The table below summarizes the fair value of WCB's derivative portfolio of open contract positions in segregated funds as at December 31. Derivative contracts in a gain position (financial assets) have been presented separately from contracts in a loss position (financial liabilities) and are presented with their remaining terms to maturity.

($ thousands)		**2015**			2014		
	Term to Maturity	**Notional Principal**	**Derivative Contract Assets**	**Derivative Contract Liabilities**	Notional Principal	Derivative Contract Assets	Derivative Contract Liabilities
Asset replication contracts	Within 1 year	$ 42,169	$ 10	$ -	$ 66,337	$ 230	$ (148)
Foreign-exchange contracts	Within 1 year	1,931,773	-	(90,688)	2,065,078	1,334	(15,075)
		$ 1,973,942	$ 10	$ (90,688)	$ 2,131,415	$ 1,564	$ (15,223)

WCB also has indirect exposure to derivatives risk through its pooled investments.

Liquidity risk

Liquidity risk is the risk that WCB will encounter difficulty in meeting obligations associated with its liabilities, particularly claim liabilities, which are funded from cash and cash equivalents, as well as investments where necessary. This risk stems from the lack of marketability of a security that cannot be bought or sold quickly enough to prevent or minimize a loss.

Through a proactive cash management process that entails continuous forecasting of expected cash flows, WCB mitigates liquidity risk by minimizing the need for forced liquidations of portfolio assets in volatile markets and by holding a number of investments in readily marketable instruments (publicly traded equity and fixed income securities). Some investments, particularly those in structured entities, are not readily marketable or liquid, as discussed in the section *Interests in Unconsolidated Structured Entities* in Note 5.

To cover unanticipated cash requirements when market conditions are unfavourable, WCB also has an available standby line of credit of up to $20 million, which has not been drawn down as at December 31, 2015.

Counterparty default risk

Counterparty default risk arises from the possibility that the issuer of a debt security, or the counterparty to a derivatives contract, fails to discharge its contractual obligations to WCB.

To mitigate counterparty default risk, WCB requires that credit ratings for counterparties not fall below an acceptable threshold. The Investment Policy permits bond issuers to have lower than a B- (or equivalent score) from a recognized credit-rating agency, but such holdings may not exceed three per cent of total fixed income assets in the portfolio. Counterparties for derivative contracts will have at least an A- credit rating or equivalent from a recognized credit-rating agency. Each fund is closely monitored for compliance to ensure that aggregate exposures do not exceed those specified investment constraints.

As at December 31, 2015, the aggregate amount of fixed income securities in segregated funds with counterparty ratings below BBB- was $157,227 (2014 – $190,184). WCB also has indirect exposure to counterparty default risk through its pooled investments.

Securities lending risk

WCB participates in a securities-lending program sponsored by its custodian. Under IFRS 9, securities lending arrangements are considered to be transfers of assets that are not derecognized because the transferor retains substantively the risks and rewards of ownership, notwithstanding the transferee's right to sell or pledge those assets. WCB is protected against loss of the transferred securities by requiring the borrower to provide collateral in the form of cash or marketable securities having a minimum fair value of 102 per cent of the loan. Such collateral is not recognized because it is available to the transferor only upon failure of the transferee to fulfil its commitments. In any event, the custodian is also contractually obligated to indemnify WCB for any losses resulting from inadequate collateral.

At December 31, 2015, securities on loan through the custodian totalled $1,472,157 (2014 – $1,576,771), secured by $1,574,921 (2014 – $1,679,397) of posted collateral. During 2015, the securities-lending program generated income of $4,022 (2014 – $1,637).

7. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Property, plant and equipment (PPE) are recognized as an asset if it is probable that WCB will realize future economic benefits. Items are initially measured at acquisition cost, and subsequently at amortized cost.

After initial recognition, property, plant and equipment is stated at historical cost less accumulated depreciation and impairment (if applicable) with the exception of land, which is not depreciated. Leased assets and leasehold improvements are depreciated over their lease term. All other items are depreciated over their expected useful life. Depreciation expense is recognized when an asset is ready for use.

Residual values, useful lives, and depreciation methods are reviewed at each financial year-end and adjusted if appropriate. Depreciation expense is included in claims management and corporate administration in the statement of comprehensive income (see Note 15 *Administration Expense*).

WCB applies the following annual depreciation rates and methods:

Buildings	*2.5 per cent straight-line*
Leasehold improvements	*Straight-line over the expected lease term*
Equipment:	
- *Computer (owned)*	*35 per cent declining balance*
- *Computer (leased)*	*Straight-line over the lease term*
Furniture and other	*15 per cent declining balance*
Vehicles	*20 per cent straight-line*

WCB evaluates its property, plant and equipment for indicators of impairment such as obsolescence, redundancy, deterioration, loss or reduction in future service potential, or when there is a change in intended use. When the carrying value exceeds the amount of future economic benefit through utilization, the item of property, plant and equipment is written down to the recoverable amount and the amount recognized as an impairment loss.

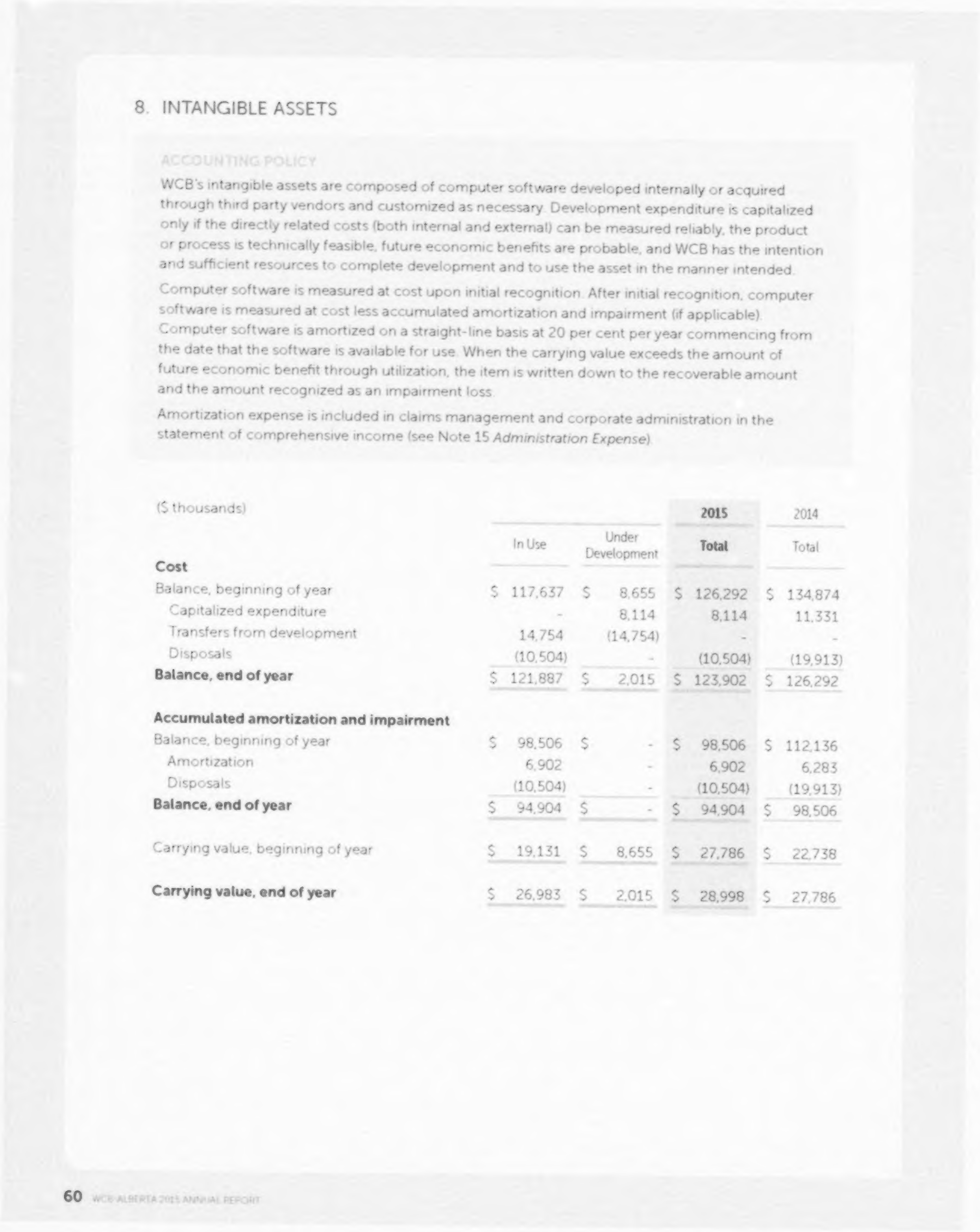
($ thousands)

						2015	2014
	Land/ Buildings	Leasehold Improvements	Computer Equipment	Office Furniture/ Equipment	Vehicles/ Other	**Total**	Total
Cost							
Balance, beginning of year	$ 56,443	$ 1,747	$ 16,329	$ 18,567	$ 757	$ 93,843	$ 90,507
Current period activity:							
Capitalized expenditure	2,082	118	5,913	639	97	8,849	7,805
Transfer from PPE under construction	(328)	(85)	(3,103)	-	-	(3,516)	(3,818)
Disposals	(3)	-	(6,271)	(20)	(90)	(6,384)	(4,167)
PPE under construction	891	61	3,669	397	-	5,018	3,516
Balance, end of year	$ 59,085	$ 1,841	$ 16,537	$ 19,583	$ 764	$ 97,810	$ 93,843
Accumulated depreciation and impairment							
Balance, beginning of year	$ 21,561	$ 1,046	$ 8,829	$ 11,802	$ 610	$ 43,848	$ 42,041
Current period activity:							
Depreciation	1,159	116	3,620	1,056	106	6,057	5,974
Disposals	(3)	-	(6,271)	(20)	(90)	(6,384)	(4,167)
Balance, end of year	$ 22,717	$ 1,162	$ 6,178	$ 12,838	$ 626	$ 43,521	$ 43,848
Carrying value, beginning of year	$ 34,882	$ 701	$ 7,500	$ 6,765	$ 147	$ 49,995	$ 48,466
Carrying value, end of year	$ 36,368	$ 679	$ 10,359	$ 6,745	$ 138	$ 54,289	$ 49,995

Property, plant and equipment under finance leases

Included in property, plant and equipment is computer equipment acquired through finance leases at cost of $5,722 (2014 – $8,540), accumulated depreciation of $2,323 (2014 – $4,500), and carrying value of $3,399 (2014 – $4,040).

See Note 9 *Lease and Other Commitments* for accounting policy and further details on leased property, plant and equipment.



8. INTANGIBLE ASSETS

ACCOUNTING POLICY

WCB's intangible assets are composed of computer software developed internally or acquired through third party vendors and customized as necessary. Development expenditure is capitalized only if the directly related costs (both internal and external) can be measured reliably, the product or process is technically feasible, future economic benefits are probable, and WCB has the intention and sufficient resources to complete development and to use the asset in the manner intended.

Computer software is measured at cost upon initial recognition. After initial recognition, computer software is measured at cost less accumulated amortization and impairment (if applicable). Computer software is amortized on a straight-line basis at 20 per cent per year commencing from the date that the software is available for use. When the carrying value exceeds the amount of future economic benefit through utilization, the item is written down to the recoverable amount and the amount recognized as an impairment loss.

Amortization expense is included in claims management and corporate administration in the statement of comprehensive income (see Note 15 *Administration Expense*).

($ thousands)			**2015**	2014
	In Use	Under Development	**Total**	Total
Cost				
Balance, beginning of year	$ 117,637	$ 8,655	$ 126,292	$ 134,874
Capitalized expenditure	-	8,114	8,114	11,331
Transfers from development	14,754	(14,754)	-	-
Disposals	(10,504)	-	(10,504)	(19,913)
Balance, end of year	$ 121,887	$ 2,015	$ 123,902	$ 126,292
Accumulated amortization and impairment				
Balance, beginning of year	$ 98,506	$ -	$ 98,506	$ 112,136
Amortization	6,902	-	6,902	6,283
Disposals	(10,504)	-	(10,504)	(19,913)
Balance, end of year	$ 94,904	$ -	$ 94,904	$ 98,506
Carrying value, beginning of year	$ 19,131	$ 8,655	$ 27,786	$ 22,738
Carrying value, end of year	$ 26,983	$ 2,015	$ 28,998	$ 27,786

9. LEASE AND OTHER COMMITMENTS

ACCOUNTING POLICY

Leases of property, plant and equipment where WCB acquires substantially all the risks and rewards of ownership are classified as finance leases. At lease commencement, finance leases are recognized in the consolidated statement of financial position as assets and corresponding obligations at the lower of the fair value of the leased property and the present value of future minimum lease payments.

Lease payments are allocated between the liability and finance charges using the effective interest method to achieve a constant rate of interest on the remaining balance of the lease. The interest portion of the payment is charged to income over the lease period, while the principal portion is applied against the lease obligation.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are charged to income over the lease term.

Lease obligations

WCB has obligations under material long-term non-cancellable finance lease agreements for mainframe and desktop computer equipment. The land for WCB's rehabilitation centre and office space in Edmonton and Calgary are held under operating leases. WCB's leases have remaining terms of between one and 16 years.

Undiscounted future minimum lease payments under finance leases are $3,759 (2014 – $4,653), with a carrying value of $3,532 (2014 – $4,385), the difference of $227 (2014 – $268) being the effect of discounting.

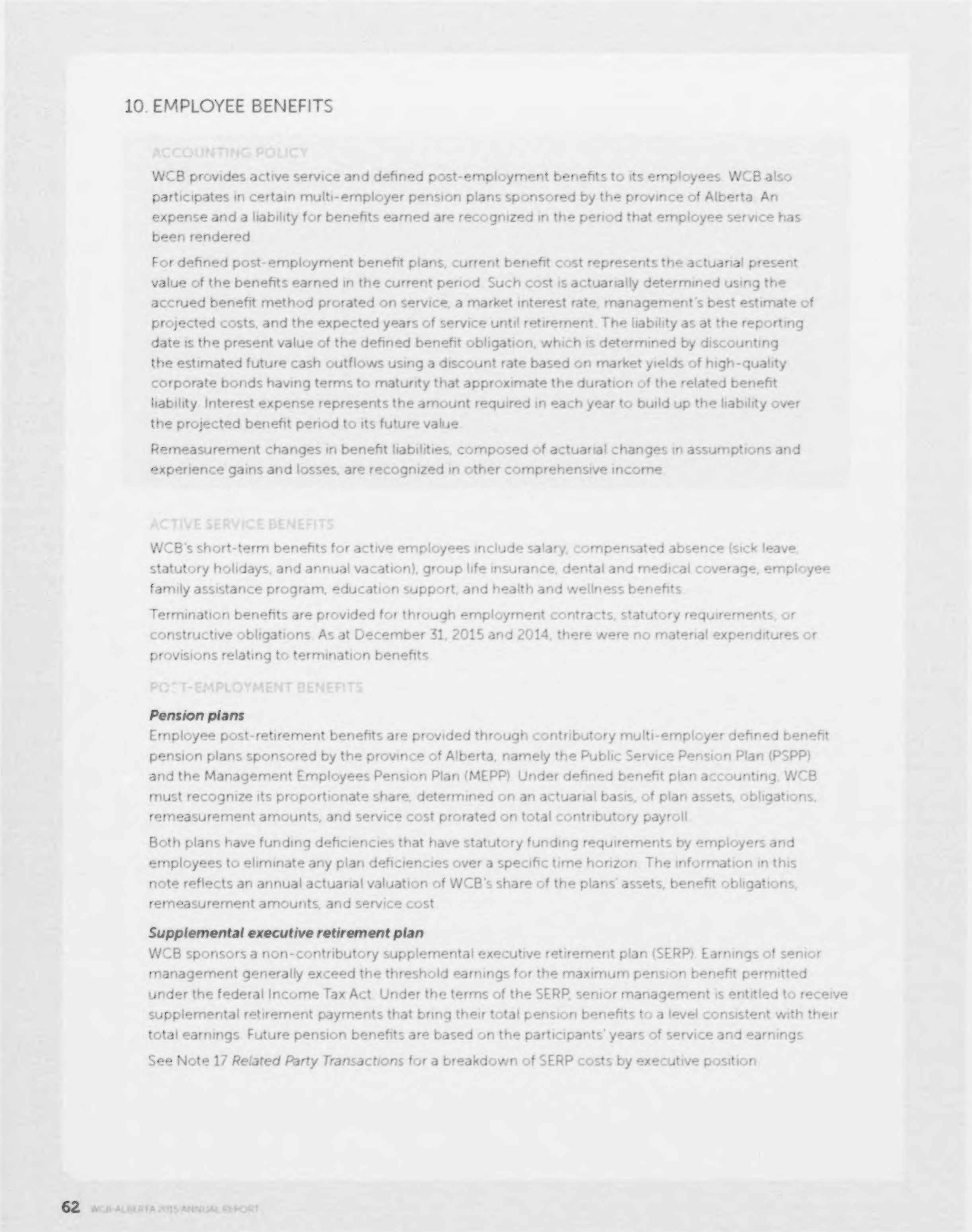
See Note 7 *Property, Plant and Equipment* for carrying values of computer equipment held under finance leases and Note 19(c) *Trade and Other Liabilities* for presentation of the current finance lease obligation.

Commitments

WCB enters into contractual commitments for purchases of goods and services as part of its regular business activities. Future undiscounted expenditure commitments are listed in the table below.

($ thousands)				**2015**	2014
	Leases				
	Finance	**Operating**	**Other Commitments**	**Total**	Total
2015	$ -	$ -	$ -	$ -	$ 23,276
2016	1,791	2,037	13,580	17,408	12,874
2017	1,628	1,993	11,309	14,930	13,074
2018	282	1,747	1,156	3,185	2,078
2019	58	780	53	891	747
2020 and beyond	-	1,722	34	1,756	1,723
	$ 3,759	$ 8,279	$ 26,132	$ 38,170	$ 53,772

WCB also has undrawn investment commitments for certain limited partnerships. See the section *Interests in Unconsolidated Structured Entities* in Note 5 *Investments*.



10. EMPLOYEE BENEFITS

ACCOUNTING POLICY

WCB provides active service and defined post-employment benefits to its employees. WCB also participates in certain multi-employer pension plans sponsored by the province of Alberta. An expense and a liability for benefits earned are recognized in the period that employee service has been rendered.

For defined post-employment benefit plans, current benefit cost represents the actuarial present value of the benefits earned in the current period. Such cost is actuarially determined using the accrued benefit method prorated on service, a market interest rate, management's best estimate of projected costs, and the expected years of service until retirement. The liability as at the reporting date is the present value of the defined benefit obligation, which is determined by discounting the estimated future cash outflows using a discount rate based on market yields of high-quality corporate bonds having terms to maturity that approximate the duration of the related benefit liability. Interest expense represents the amount required in each year to build up the liability over the projected benefit period to its future value.

Remeasurement changes in benefit liabilities, composed of actuarial changes in assumptions and experience gains and losses, are recognized in other comprehensive income.

ACTIVE SERVICE BENEFITS

WCB's short-term benefits for active employees include salary, compensated absence (sick leave, statutory holidays, and annual vacation), group life insurance, dental and medical coverage, employee family assistance program, education support, and health and wellness benefits.

Termination benefits are provided for through employment contracts, statutory requirements, or constructive obligations. As at December 31, 2015 and 2014, there were no material expenditures or provisions relating to termination benefits.

POST-EMPLOYMENT BENEFITS

Pension plans

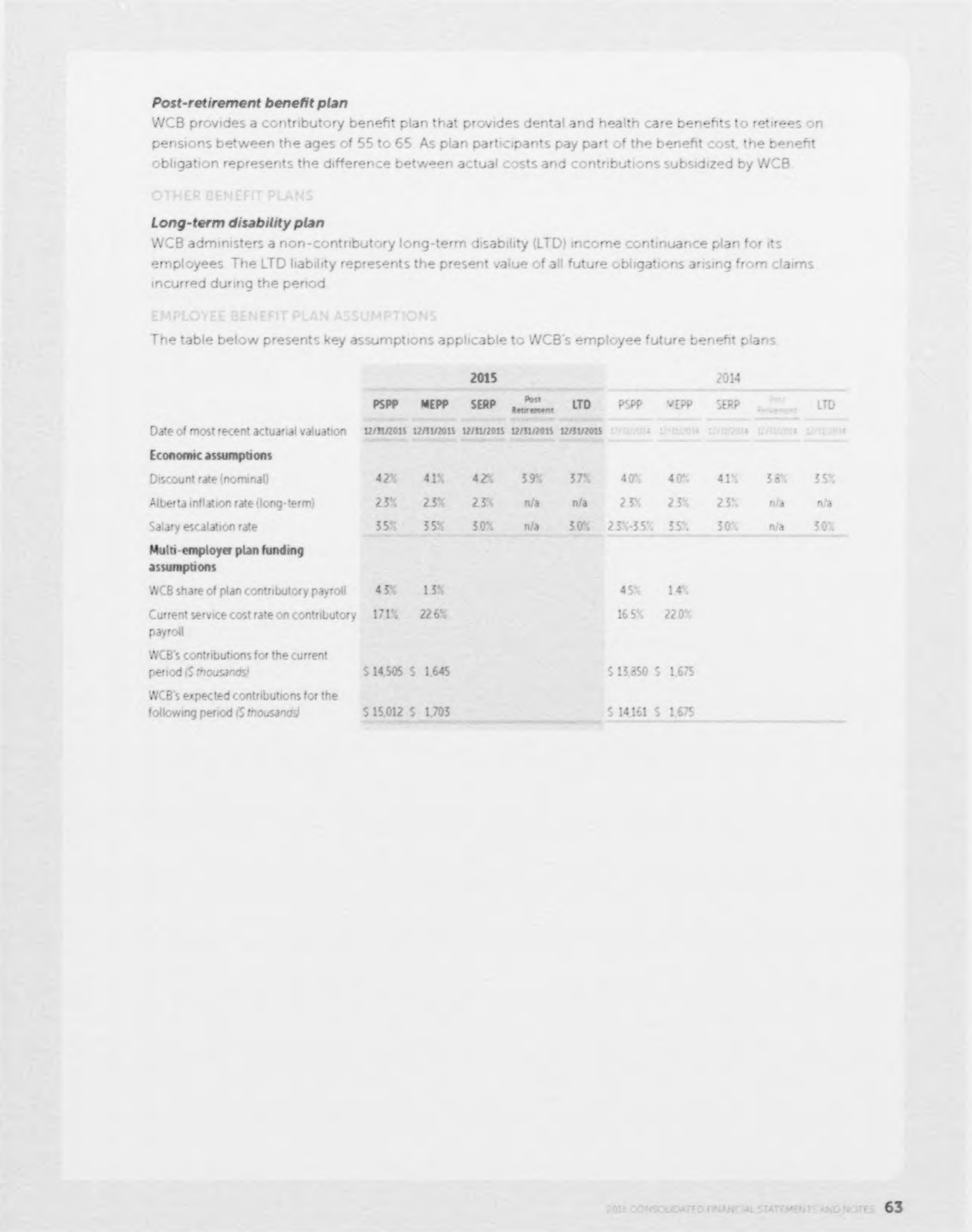
Employee post-retirement benefits are provided through contributory multi-employer defined benefit pension plans sponsored by the province of Alberta, namely the Public Service Pension Plan (PSPP) and the Management Employees Pension Plan (MEPP). Under defined benefit plan accounting, WCB must recognize its proportionate share, determined on an actuarial basis, of plan assets, obligations, remeasurement amounts, and service cost prorated on total contributory payroll.

Both plans have funding deficiencies that have statutory funding requirements by employers and employees to eliminate any plan deficiencies over a specific time horizon. The information in this note reflects an annual actuarial valuation of WCB's share of the plans' assets, benefit obligations, remeasurement amounts, and service cost.

Supplemental executive retirement plan

WCB sponsors a non-contributory supplemental executive retirement plan (SERP). Earnings of senior management generally exceed the threshold earnings for the maximum pension benefit permitted under the federal Income Tax Act. Under the terms of the SERP, senior management is entitled to receive supplemental retirement payments that bring their total pension benefits to a level consistent with their total earnings. Future pension benefits are based on the participants' years of service and earnings.

See Note 17 *Related Party Transactions* for a breakdown of SERP costs by executive position.



Post-retirement benefit plan

WCB provides a contributory benefit plan that provides dental and health care benefits to retirees on pensions between the ages of 55 to 65. As plan participants pay part of the benefit cost, the benefit obligation represents the difference between actual costs and contributions subsidized by WCB.

OTHER BENEFIT PLANS

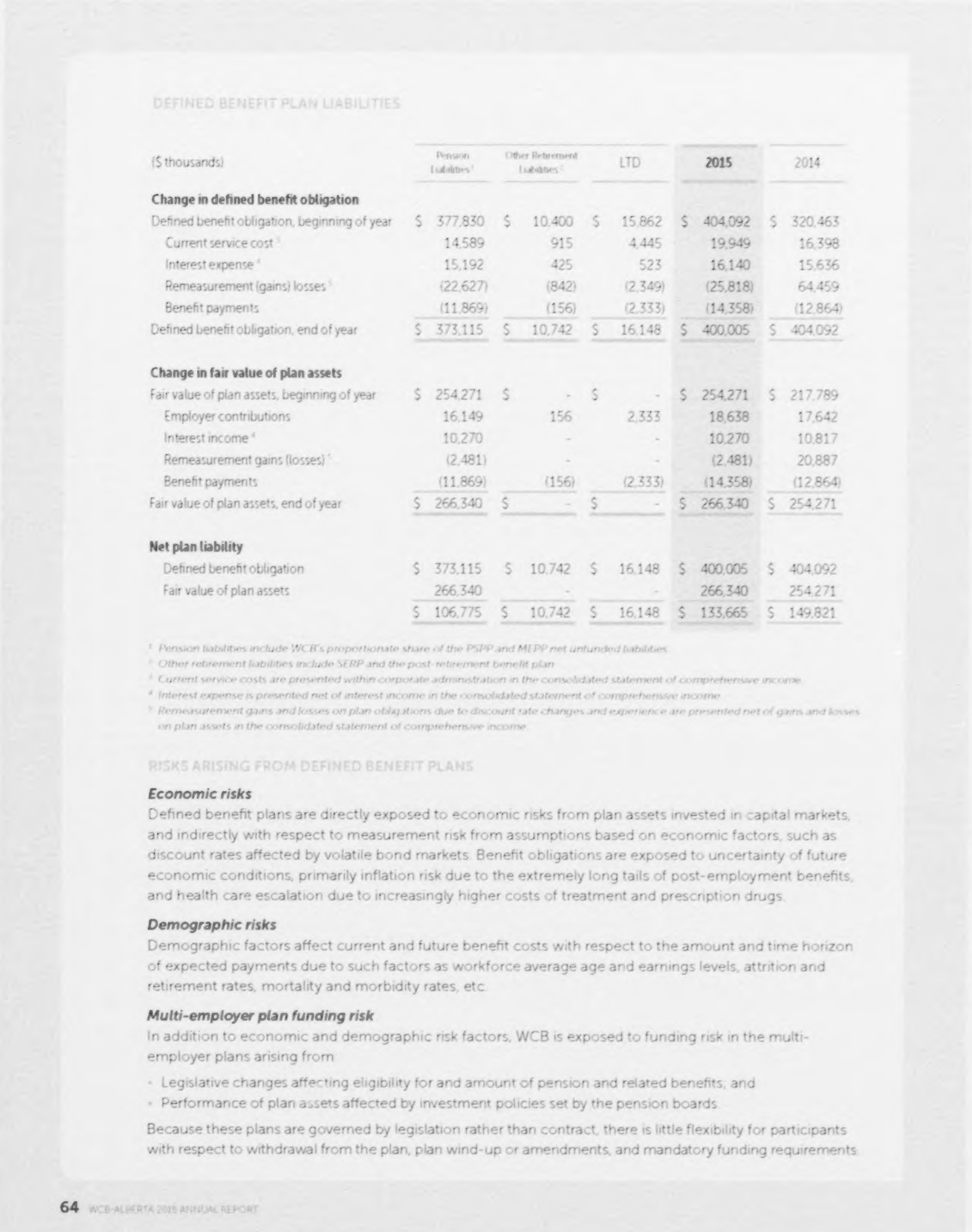
Long-term disability plan

WCB administers a non-contributory long-term disability (LTD) income continuance plan for its employees. The LTD liability represents the present value of all future obligations arising from claims incurred during the period.

EMPLOYEE BENEFIT PLAN ASSUMPTIONS

The table below presents key assumptions applicable to WCB's employee future benefit plans.

	2015					2014				
	PSPP	MEPP	SERP	Post Retirement	LTD	PSPP	MEPP	SERP	Post Retirement	LTD
Date of most recent actuarial valuation	12/31/2015	12/31/2015	12/31/2015	12/31/2015	12/31/2015	12/31/2014	12/31/2014	12/31/2014	12/31/2014	12/31/2014
Economic assumptions										
Discount rate (nominal)	4.2%	4.1%	4.2%	3.9%	3.7%	4.0%	4.0%	4.1%	3.8%	3.5%
Alberta inflation rate (long-term)	2.3%	2.3%	2.3%	n/a	n/a	2.3%	2.3%	2.3%	n/a	n/a
Salary escalation rate	3.5%	3.5%	3.0%	n/a	3.0%	2.3%-3.5%	3.5%	3.0%	n/a	3.0%
Multi-employer plan funding assumptions										
WCB share of plan contributory payroll	4.3%	1.3%				4.5%	1.4%			
Current service cost rate on contributory payroll	17.1%	22.6%				16.5%	22.0%			
WCB's contributions for the current period *($ thousands)*	$ 14,505	$ 1,645				$ 13,850	$ 1,675			
WCB's expected contributions for the following period *($ thousands)*	$ 15,012	$ 1,703				$ 14,161	$ 1,675			



DEFINED BENEFIT PLAN LIABILITIES

($ thousands)	Pension Liabilities [1]	Other Retirement Liabilities [2]	LTD	2015	2014
Change in defined benefit obligation					
Defined benefit obligation, beginning of year	$ 377,830	$ 10,400	$ 15,862	$ 404,092	$ 320,463
Current service cost [3]	14,589	915	4,445	19,949	16,398
Interest expense [4]	15,192	425	523	16,140	15,636
Remeasurement (gains) losses [5]	(22,627)	(842)	(2,349)	(25,818)	64,459
Benefit payments	(11,869)	(156)	(2,333)	(14,358)	(12,864)
Defined benefit obligation, end of year	$ 373,115	$ 10,742	$ 16,148	$ 400,005	$ 404,092
Change in fair value of plan assets					
Fair value of plan assets, beginning of year	$ 254,271	$ -	$ -	$ 254,271	$ 217,789
Employer contributions	16,149	156	2,333	18,638	17,642
Interest income [4]	10,270	-	-	10,270	10,817
Remeasurement gains (losses) [5]	(2,481)	-	-	(2,481)	20,887
Benefit payments	(11,869)	(156)	(2,333)	(14,358)	(12,864)
Fair value of plan assets, end of year	$ 266,340	$ -	$ -	$ 266,340	$ 254,271
Net plan liability					
Defined benefit obligation	$ 373,115	$ 10,742	$ 16,148	$ 400,005	$ 404,092
Fair value of plan assets	266,340	-	-	266,340	254,271
	$ 106,775	$ 10,742	$ 16,148	$ 133,665	$ 149,821

[1] *Pension liabilities include WCB's proportionate share of the PSPP and MEPP net unfunded liabilities*

[2] *Other retirement liabilities include SERP and the post-retirement benefit plan*

[3] *Current service costs are presented within corporate administration in the consolidated statement of comprehensive income*

[4] *Interest expense is presented net of interest income in the consolidated statement of comprehensive income*

[5] *Remeasurement gains and losses on plan obligations due to discount rate changes and experience are presented net of gains and losses on plan assets in the consolidated statement of comprehensive income*

RISKS ARISING FROM DEFINED BENEFIT PLANS

Economic risks

Defined benefit plans are directly exposed to economic risks from plan assets invested in capital markets, and indirectly with respect to measurement risk from assumptions based on economic factors, such as discount rates affected by volatile bond markets. Benefit obligations are exposed to uncertainty of future economic conditions, primarily inflation risk due to the extremely long tails of post-employment benefits, and health care escalation due to increasingly higher costs of treatment and prescription drugs.

Demographic risks

Demographic factors affect current and future benefit costs with respect to the amount and time horizon of expected payments due to such factors as workforce average age and earnings levels, attrition and retirement rates, mortality and morbidity rates, etc.

Multi-employer plan funding risk

In addition to economic and demographic risk factors, WCB is exposed to funding risk in the multi-employer plans arising from:

- Legislative changes affecting eligibility for and amount of pension and related benefits; and
- Performance of plan assets affected by investment policies set by the pension boards.

Because these plans are governed by legislation rather than contract, there is little flexibility for participants with respect to withdrawal from the plan, plan wind-up or amendments, and mandatory funding requirements.

Sensitivity analysis

The following table shows the effect of a 25 basis point change in the assumed discount rate, inflation rate, and wage inflation rate on WCB's proportionate share of the accrued benefit obligations of PSPP and MEPP. The impacts of the assumption changes on WCB's other employee benefit plans, individually and in aggregate, are immaterial.

($ thousands)	**2015**		2014	
+/- % change on assumed rates	**+0.25%**	**-0.25%**	+0.25%	-0.25%
Discount rate based on market yields on high-quality corporate bonds	$ (14,533)	$ 14,533	$ (13,483)	$ 13,483
General inflation rate	$ 6,229	$ (6,229)	$ 6,401	$ (6,401)
Wage inflation rate	$ 2,263	$ (2,263)	$ 2,001	$ (2,001)

11. CLAIM BENEFIT LIABILITIES

ACCOUNTING POLICY

The claim benefit liability represents the actuarial present value of all expected future benefit payments for claims and for workplace exposures that may result in recognized occupational disease claims that have occurred before the valuation date. The liability includes a provision for future costs of managing claims but does not include claims and payments that are on a self-insured basis. Valuation of claim benefit liabilities complies with Standards of Practice issued by the Actuarial Standards Board (ASB) of the Canadian Institute of Actuaries.

Gains and losses resulting from the valuation of the liability arise from differences between actual claims experience and that expected based on the previous valuation, changes to actuarial methods and assumptions as well as changes in policy, legislation, and administrative practices. Such gains and losses are recognized in income in the period that they occur.

ACTUARIAL METHODOLOGY AND BASIS OF VALUATION

Claim benefit liabilities are independently valued annually at year end by WCB's external actuary. Claim benefit liabilities include a provision for all covered benefits and for the future expenses of administering those benefits, including funding obligations to the Appeals Commission and the Medical Panel Office.

Estimated future expenditures are expressed in constant dollars increased to consider expected future escalation, and then discounted at the assumed long-term rate of return on investments.

The valuation is based on WCB legislation, policies, and administrative practices in effect as at the valuation date. Estimation of the liability requires the use of actuarial methods and assumptions that are periodically assessed and adjusted based on frequent monitoring of actual claims experience, the economy, and other relevant factors throughout the year.

Since the claim benefit liabilities of WCB are of a long-term nature, the actuarial assumptions and methods used to calculate the reported claim benefit liabilities are based on considerations of future expenditures over the long term. As the determination of these liabilities requires assumptions about economic and other events that may occur many years in the future, but which are based on best information as at the valuation date, a significant degree of professional judgement must be exercised in developing these assumptions. Accordingly, changes in conditions within one year of the consolidated financial statement date could require material change in recognized amounts in a subsequent period or periods.

See Note 12 *Claim Benefit Risks* for further discussion of measurement uncertainty with respect to valuation of WCB's claim benefit liabilities.

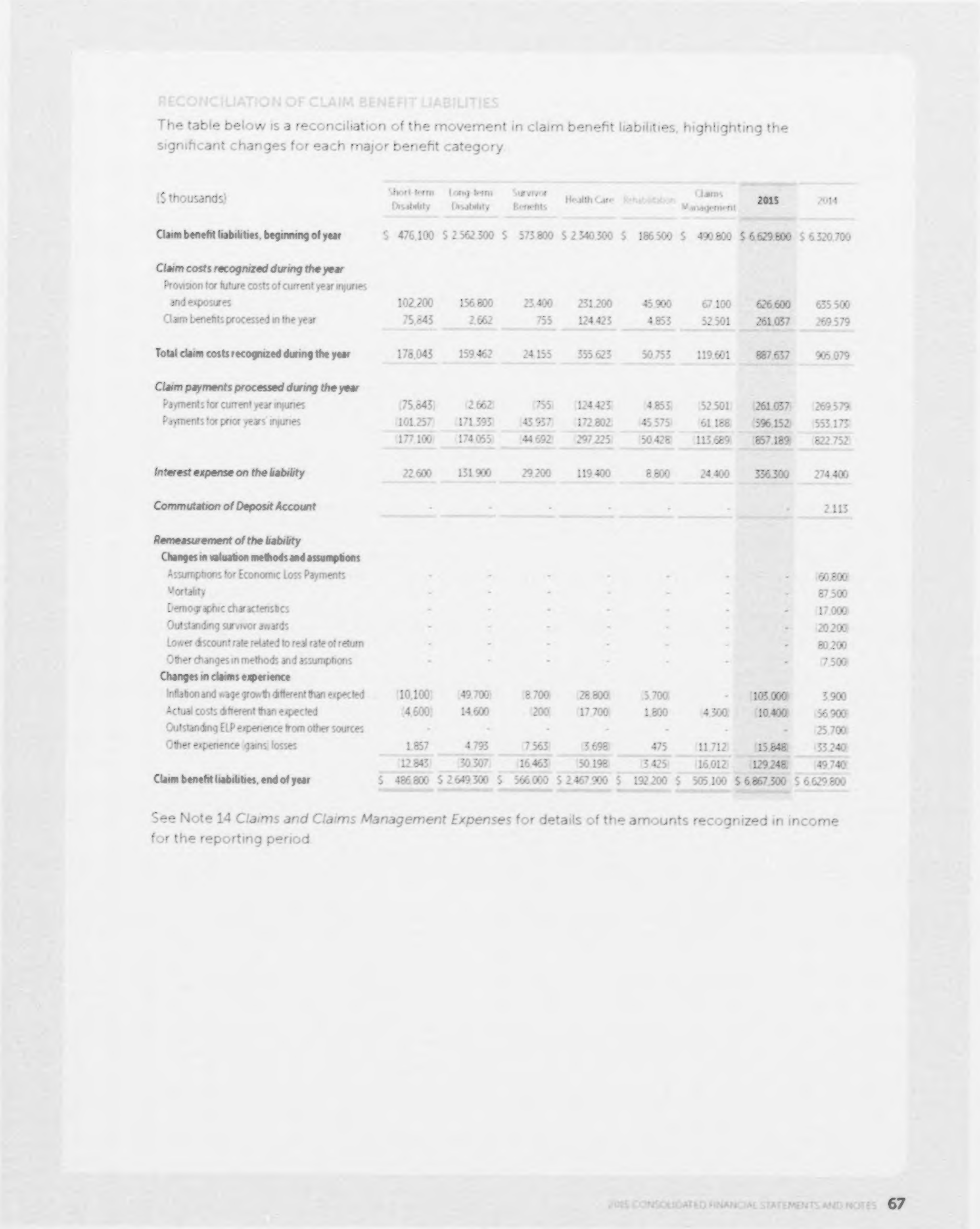
ACTUARIAL ASSUMPTIONS

The most significant economic assumptions for the determination of claim benefit liabilities are the assumed rate of return on invested assets used for discounting expected future benefit payments, and the escalation rates for benefit costs into the future. All actuarial assumptions are determined on a "best estimate" basis, except for the real rate of return on investments (i.e. the difference between the expected long-term investment return and the expected long-term general inflation rate). The expected long-term investment return assumption is targeted at about 70 per cent probability level, which provides a margin for adverse deviation in the liability.

Long-term economic assumptions for general inflation and wage escalation are developed by using historical statistics and other economic indicators. The cost-of-living adjustment assumption is determined by subtracting 0.5 per cent from the long-term general inflation assumption in accordance with policy. Health care escalation is developed from analysis of WCB health care cost experience, taking into consideration the results of external studies. This escalation rate represents general inflation plus excess inflation of 2.5 per cent, covering both the increases in the costs per treatment and in utilization.

The table below presents key long-term economic assumptions used to determine the claim benefit liabilities:

	2015	2014
Nominal rate of return	5.32%	5.32%
General inflation rate	2.50%	2.50%
Real rate of return	2.75%	2.75%
Cost-of-living adjustment	2.00%	2.00%
Wage escalation	3.50%	3.50%
Health care escalation	5.00%	5.00%



RECONCILIATION OF CLAIM BENEFIT LIABILITIES

The table below is a reconciliation of the movement in claim benefit liabilities, highlighting the significant changes for each major benefit category.

($ thousands)	Short-term Disability	Long-term Disability	Survivor Benefits	Health Care	Rehabilitation	Claims Management	2015	2014
Claim benefit liabilities, beginning of year	$ 476,100	$ 2,562,300	$ 573,800	$ 2,340,300	$ 186,500	$ 490,800	$ 6,629,800	$ 6,320,700
Claim costs recognized during the year								
Provision for future costs of current year injuries and exposures	102,200	156,800	23,400	231,200	45,900	67,100	626,600	635,500
Claim benefits processed in the year	75,843	2,662	755	124,423	4,853	52,501	261,037	269,579
Total claim costs recognized during the year	178,043	159,462	24,155	355,623	50,753	119,601	887,637	905,079
Claim payments processed during the year								
Payments for current year injuries	(75,843)	(2,662)	(755)	(124,423)	(4,853)	(52,501)	(261,037)	(269,579)
Payments for prior years' injuries	(101,257)	(171,393)	(43,937)	(172,802)	(45,575)	(61,188)	(596,152)	(553,173)
	(177,100)	(174,055)	(44,692)	(297,225)	(50,428)	(113,689)	(857,189)	(822,752)
Interest expense on the liability	22,600	131,900	29,200	119,400	8,800	24,400	336,300	274,400
Commutation of Deposit Account	-	-	-	-	-	-	-	2,113
Remeasurement of the liability								
Changes in valuation methods and assumptions								
Assumptions for Economic Loss Payments	-	-	-	-	-	-	-	(60,800)
Mortality	-	-	-	-	-	-	-	87,500
Demographic characteristics	-	-	-	-	-	-	-	(17,000)
Outstanding survivor awards	-	-	-	-	-	-	-	(20,200)
Lower discount rate related to real rate of return	-	-	-	-	-	-	-	80,200
Other changes in methods and assumptions	-	-	-	-	-	-	-	(7,500)
Changes in claims experience								
Inflation and wage growth different than expected	(10,100)	(49,700)	(8,700)	(28,800)	(5,700)	-	(103,000)	3,900
Actual costs different than expected	(4,600)	14,600	(200)	(17,700)	1,800	(4,300)	(10,400)	(56,900)
Outstanding ELP experience from other sources	-	-	-	-	-	-	-	(25,700)
Other experience (gains) losses	1,857	4,793	(7,563)	(3,698)	475	(11,712)	(15,848)	(33,240)
	(12,843)	(30,307)	(16,463)	(50,198)	(3,425)	(16,012)	(129,248)	(49,740)
Claim benefit liabilities, end of year	$ 486,800	$ 2,649,300	$ 566,000	$ 2,467,900	$ 192,200	$ 505,100	$ 6,867,300	$ 6,629,800

See Note 14 *Claims and Claims Management Expenses* for details of the amounts recognized in income for the reporting period.

CLAIMS DEVELOPMENT

The table that follows presents the development of the estimated ultimate cost of claims and claim payments for accident years 2006 - 2015. The top part of the table illustrates how the estimate of total claim benefits for each accident year has changed with more experience over succeeding year-ends. The shaded claims triangle shows the estimated cost of claims for an accident year in the year of accident, one year after the year of accident, two years after the year of accident and so on and compares the total estimated cost to the actual cumulative payments over the development period. Due to the extremely long duration of many WCB benefit types, significant amounts may be paid out in the distant future beyond the valuation date. The bottom part of the table reconciles the total outstanding benefits amount to the discounted amount reported in the consolidated statement of financial position.

	Accident Year											
($ millions)	Prior Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	**Total**
Estimate of cumulative claims benefits												
At end of accident year		1,150.1	1,313.6	1,407.8	1,301.8	1,333.5	1,444.3	1,320.8	1,423.6	1,438.2	*1,421.3*	
One year later		1,189.0	1,295.3	1,308.5	1,250.4	1,299.4	1,250.4	1,305.7	1,383.6	*1,414.3*		
Two years later		1,178.7	1,197.1	1,276.4	1,239.5	1,118.5	1,220.9	1,256.9	*1,394.3*			
Three years later		1,096.8	1,176.1	1,271.1	1,095.7	1,080.8	1,175.3	*1,258.0*				
Four years later		1,072.3	1,154.1	1,135.9	1,074.7	1,047.6	*1,160.0*					
Five years later		1,079.9	1,035.3	1,113.1	1,048.4	*1,042.8*						
Six years later		988.5	1,016.2	1,094.4	*1,031.8*							
Seven years later		979.5	1,006.5	*1,077.6*								
Eight years later		973.9	*997.9*									
Nine years later		*959.4*										
Current estimate of cumulative claims benefits		959.4	997.9	1,077.6	1,031.8	1,042.8	1,160.0	1,258.0	1,394.3	1,414.3	1,421.3	
Cumulative payments		(449.9)	(453.0)	(475.7)	(421.8)	(402.2)	(435.0)	(414.1)	(421.1)	(370.4)	(208.5)	
Outstanding benefits												
Undiscounted	$ 5,109.3	$ 509.5	$ 544.9	$ 601.9	$ 610.0	$ 640.6	$ 725.0	$ 843.9	$ 973.2	$ 1,043.9	$ 1,212.8	$12,815.0
Effect of discounting	(2,623.4)	(304.5)	(325.9)	(358.9)	(367.0)	(382.6)	(437.0)	(515.9)	(585.2)	(613.9)	(650.3)	(7,164.6)
	2,485.9	205.0	219.0	243.0	243.0	258.0	288.0	328.0	388.0	430.0	562.5	5,650.4
Claims management												505.1
Latent occupational diseases												711.8
Claim benefit liabilities												$ 6,867.3

LIQUIDITY OF CLAIM BENEFIT LIABILITIES

The following table presents the expected timing of future payments of the claim benefit liability as at December 31. As these payments extend well out into the future, any such estimates involve considerable uncertainty.

	2015	2014
Expected timing of future payments		
Up to 1 year	4%	4%
Over 1 year and up to 5 years	10%	10%
Over 5 years and up to 10 years	12%	12%
Over 10 years and up to 15 years	11%	11%
Over 15 years	63%	63%
Total	100%	100%

12. CLAIM BENEFIT RISKS

Because there is no statutory limit on the benefit amount payable or the duration of the risk exposure related to work-related injuries, WCB bears risk with respect to its future claim costs, which could have material implications for liability estimation. In determining WCB's claim benefit liabilities, a primary risk is that the actual benefit payments may exceed the amount estimated in determining the liabilities. This may occur due to changes in claim reporting patterns, frequency and/or size of claim payments or duration of claims. Compensable injuries and benefits payable may also change due to legislation or policy changes. With potentially long claims run-off periods, inflation is also a factor because future costs could escalate at a faster rate than expected.

The uncertainties associated with WCB claim benefit liabilities are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The most significant assumption in the determination of the claim benefit liabilities is the real rate of return. A reduction in the assumed real rate of return would increase the actuarial present value of the claim benefit liabilities. Wage inflation affects the liabilities through benefits such as vocational rehabilitation and home maintenance allowances. An increase in assumed wage growth would increase the respective liabilities. Health care benefits represent approximately 36 per cent of the claim benefit liabilities. An increase in the assumed health care escalation rate would result in an increase in the liability for health care.

EFFECT OF ASSUMPTION CHANGES ON CLAIM BENEFIT LIABILITIES

The table below shows the sensitivity of the claim benefit liabilities to an immediate 0.25 per cent increase or decrease in the assumed rates.

($ thousands)	**2015**		2014	
+/- % change on assumed rates	**+0.25%**	**-0.25%**	+0.25%	-0.25%
Real rate of return	$ (211,000)	$ 224,100	$ (203,400)	$ 216,000
Wage inflation rate	$ 47,900	$ (45,700)	$ 47,000	$ (44,900)
Health care escalation rate	$ 96,800	$ (91,200)	$ 91,700	$ (86,400)

13. PREMIUM REVENUE

ACCOUNTING POLICY

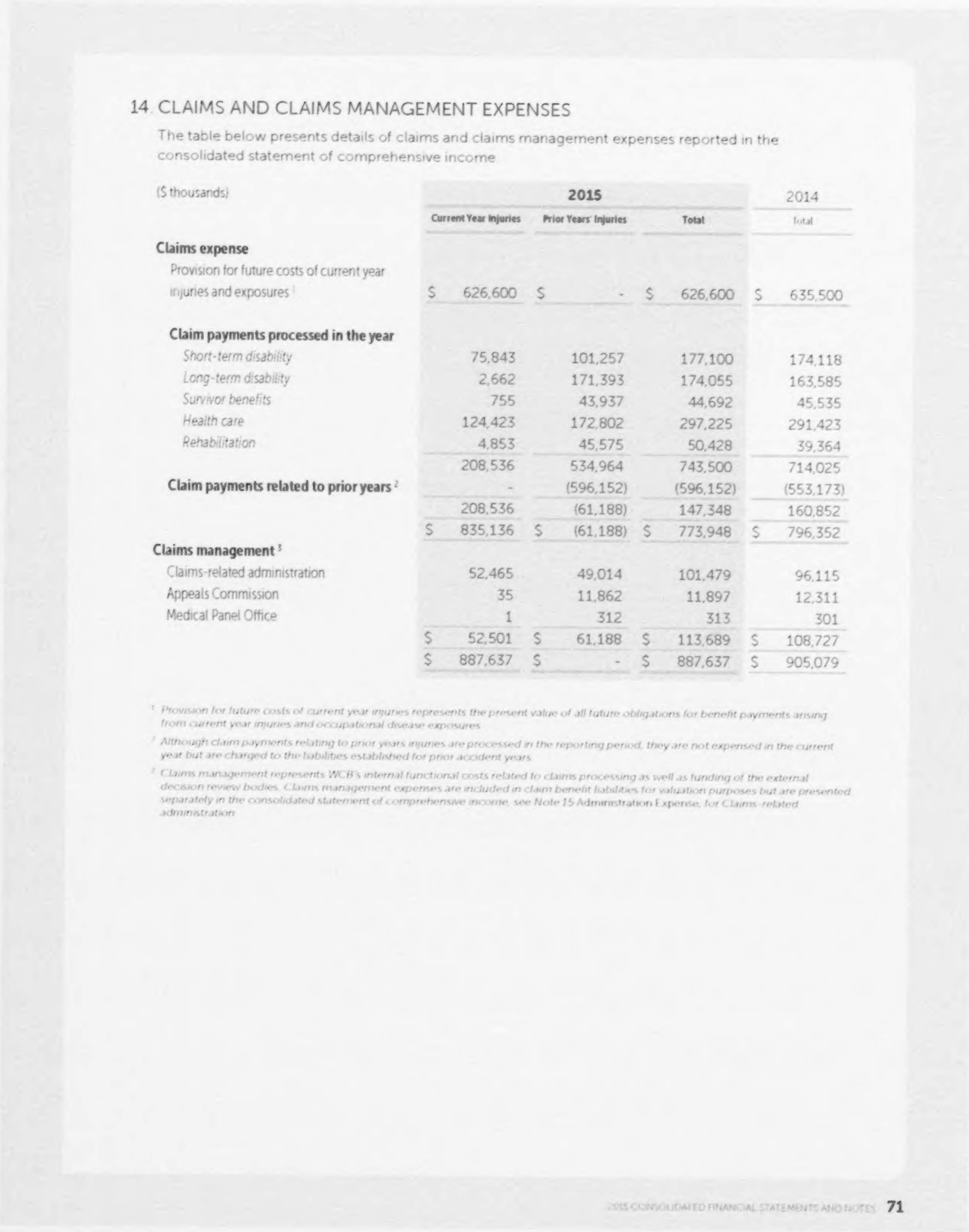
Premiums are assessed and due when employers report their insurable earnings for the current year. For employers who have not reported, premiums are estimated and included in the amount receivable. Premium revenue includes estimates for Partnerships in Injury Reduction (PIR) rebates and other items.

Premium revenue is fully earned and recognized over the annual coverage period. Any difference between actual and estimated premiums and rebates is adjusted in the following year.

($ thousands)	2015	2014
Premiums		
Assessed premium revenue for current year	$ 1,095,722	$ 1,194,684
Other premium-related revenue	7,558	8,963
	1,103,280	1,203,647
Deduct: Partnerships in Injury Reduction rebates	78,645	88,422
	$ 1,024,635	$ 1,115,225

Assessed premium revenue includes an accrual of $19,310 payable (2014 – $11,933 receivable) for amounts related to yet to be reported insurable earnings for the current period. The accrual has been determined using an internally developed statistical model to estimate the amount of unreported earnings based on actual returns processed to date and historical patterns of processed to unprocessed returns at a specified point in time.

PIR is a voluntary program that pays rebates to registered employers that have met the eligibility requirements in achieving certain workplace safety targets as specified under the program. Earned rebates are payable in the following year. The estimated rebate amount is based on several factors, including premiums paid, year-over-year improvement in claims experience and safety performance relative to industry benchmarks, among others.



14. CLAIMS AND CLAIMS MANAGEMENT EXPENSES

The table below presents details of claims and claims management expenses reported in the consolidated statement of comprehensive income

($ thousands)	2015			2014
	Current Year Injuries	**Prior Years' Injuries**	**Total**	Total
Claims expense				
Provision for future costs of current year injuries and exposures [1]	$ 626,600	$ -	$ 626,600	$ 635,500
Claim payments processed in the year				
Short-term disability	75,843	101,257	177,100	174,118
Long-term disability	2,662	171,393	174,055	163,585
Survivor benefits	755	43,937	44,692	45,535
Health care	124,423	172,802	297,225	291,423
Rehabilitation	4,853	45,575	50,428	39,364
	208,536	534,964	743,500	714,025
Claim payments related to prior years [2]	-	(596,152)	(596,152)	(553,173)
	208,536	(61,188)	147,348	160,852
	$ 835,136	$ (61,188)	$ 773,948	$ 796,352
Claims management [3]				
Claims-related administration	52,465	49,014	101,479	96,115
Appeals Commission	35	11,862	11,897	12,311
Medical Panel Office	1	312	313	301
	$ 52,501	$ 61,188	$ 113,689	$ 108,727
	$ 887,637	$ -	$ 887,637	$ 905,079

[1] *Provision for future costs of current year injuries represents the present value of all future obligations for benefit payments arising from current year injuries and occupational disease exposures*

[2] *Although claim payments relating to prior years injuries are processed in the reporting period, they are not expensed in the current year but are charged to the liabilities established for prior accident years.*

[3] *Claims management represents WCB's internal functional costs related to claims processing as well as funding of the external decision review bodies. Claims management expenses are included in claim benefit liabilities for valuation purposes but are presented separately in the consolidated statement of comprehensive income, see Note 15 Administration Expense, for Claims-related administration*

15. ADMINISTRATION EXPENSE

WCB's primary administrative functions include:

- **Claims-related administration** – responsible for adjudicating claims, processing benefit payments, and the provision of return-to-work services to injured workers.
- **Corporate administration** – provides general management and administrative support.

The table below presents administration expenses broken down by nature of expense and by function:

($ thousands)	Corporate	Claims-related	**2015**	2014
Administration expenses				
Salaries and employee benefits	$ 63,536	$ 114,607	$ 178,143	$ 167,867
Technology	12,868	6,095	18,963	17,862
Office	4,232	1,316	5,548	5,406
Occupancy	2,968	6,353	9,321	10,061
Professional fees	1,392	2,670	4,062	3,789
Travel	608	376	984	1,062
Other	1,034	409	1,443	1,899
	86,638	131,826	218,464	207,946
Depreciation and amortization	6,831	5,948	12,779	12,251
	93,469	137,774	231,243	220,197
Less:				
Cost recoveries	122	7,931	8,053	8,200
Reclassifications to:				
Claims expense – rehabilitation services	-	28,364	28,364	26,525
Investment management expense[1]	3,225	-	3,225	3,296
	3,347	36,295	39,642	38,021
	$ 90,122	$ 101,479	$ 191,601	$ 182,176

[1] *Investment management expense represents internal expenses, see Note 16 Investment Income & Expense.*

16. INVESTMENT INCOME AND EXPENSE

ACCOUNTING POLICY

The primary components of investment income include:

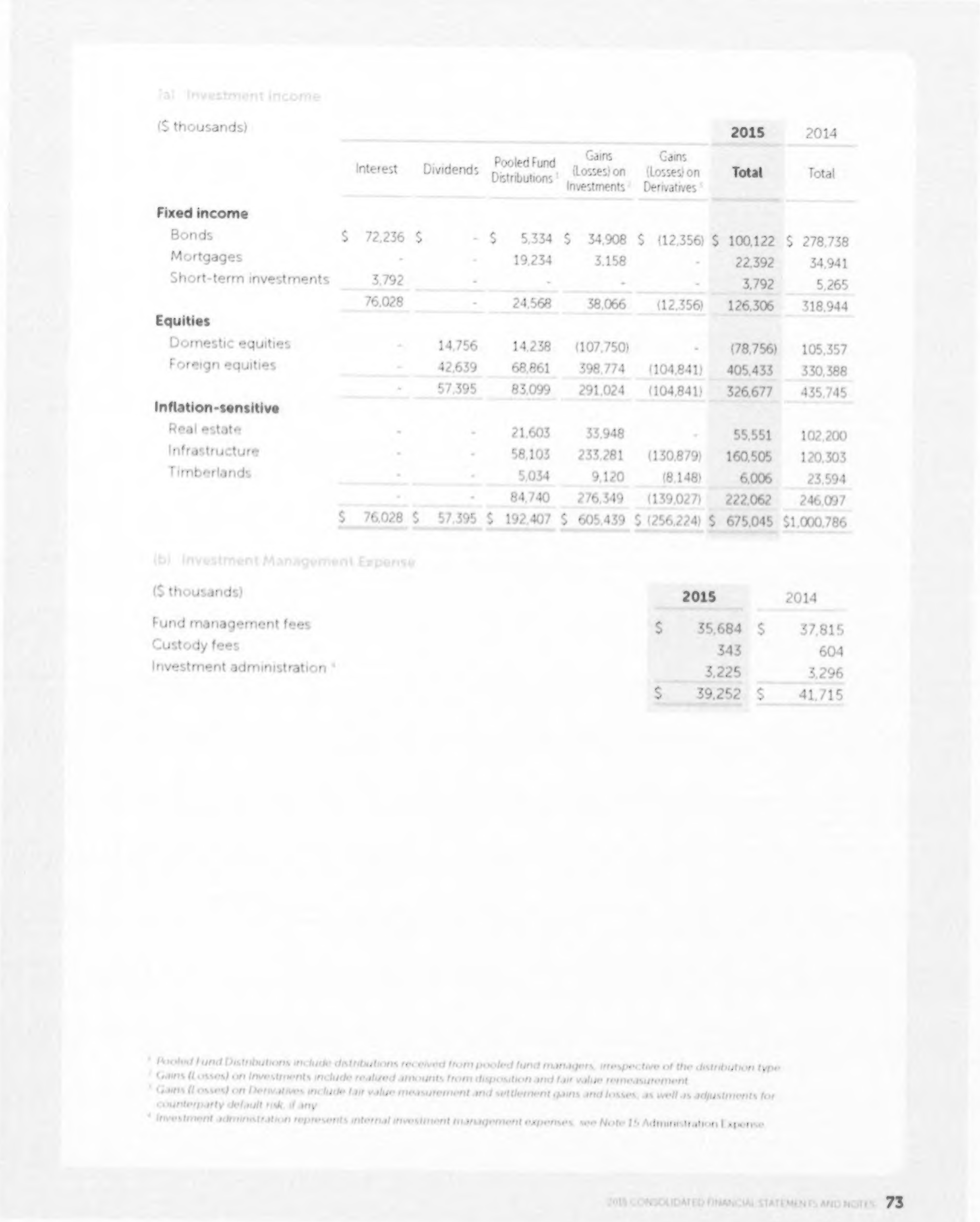
(a) Gains and losses from investments classified at fair value through income (including gains and losses from remeasurement and from disposition of assets) recognized in income in the period in which they arise;

(b) Interest revenue accrued using the effective interest method, net of amortization of any premium or discount recognized at date of purchase;

(c) Dividend income when a right to payment has been established based on the ex-dividend date for quoted securities; and

(d) Pooled fund distributions (fund income received as cash or reinvested in the fund) when a right to distributable income has been established. Fund distributions do not attribute underlying income by nature.

Investment expense is composed primarily of investment management expenses, for both external and internal portfolio managers. Fund management expenses of pooled investments, excluding investment management fees, are netted against the revenues of those respective funds.



(a) Investment Income

($ thousands)						2015	2014
	Interest	Dividends	Pooled Fund Distributions [1]	Gains (Losses) on Investments [2]	Gains (Losses) on Derivatives [3]	**Total**	Total
Fixed income							
Bonds	$ 72,236	$ -	$ 5,334	$ 34,908	$ (12,356)	$ 100,122	$ 278,738
Mortgages	-	-	19,234	3.158	-	22,392	34,941
Short-term investments	3,792	-	-	-	-	3,792	5,265
	76,028	-	24,568	38,066	(12,356)	126,306	318,944
Equities							
Domestic equities	-	14,756	14,238	(107,750)	-	(78,756)	105,357
Foreign equities	-	42,639	68,861	398,774	(104,841)	405,433	330,388
	-	57,395	83,099	291,024	(104,841)	326,677	435,745
Inflation-sensitive							
Real estate	-	-	21,603	33,948	-	55,551	102,200
Infrastructure	-	-	58,103	233,281	(130,879)	160,505	120,303
Timberlands	-	-	5,034	9,120	(8,148)	6,006	23,594
	-	-	84,740	276,349	(139,027)	222,062	246,097
	$ 76,028	$ 57.395	$ 192,407	$ 605,439	$ (256,224)	$ 675,045	$1,000,786

(b) Investment Management Expense

($ thousands)	2015	2014
Fund management fees	$ 35,684	$ 37,815
Custody fees	343	604
Investment administration [4]	3,225	3,296
	$ 39,252	$ 41,715

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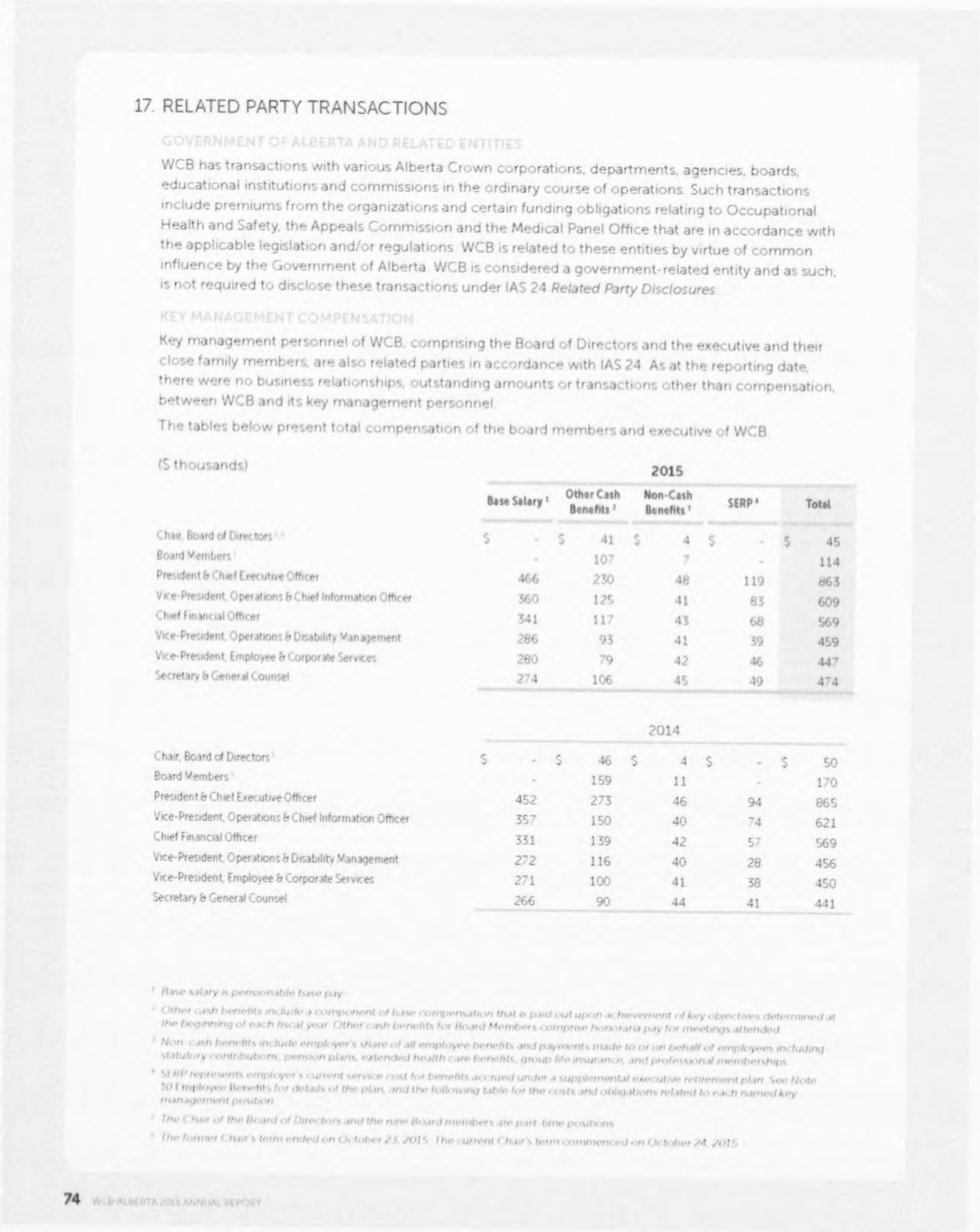
[1] Pooled Fund Distributions include distributions received from pooled fund managers, irrespective of the distribution type

[2] Gains (Losses) on Investments include realized amounts from disposition and fair value remeasurement

[3] Gains (Losses) on Derivatives include fair value measurement and settlement gains and losses, as well as adjustments for counterparty default risk, if any

[4] Investment administration represents internal investment management expenses, see Note 15 Administration Expense



17. RELATED PARTY TRANSACTIONS

GOVERNMENT OF ALBERTA AND RELATED ENTITIES

WCB has transactions with various Alberta Crown corporations, departments, agencies, boards, educational institutions and commissions in the ordinary course of operations. Such transactions include premiums from the organizations and certain funding obligations relating to Occupational Health and Safety, the Appeals Commission and the Medical Panel Office that are in accordance with the applicable legislation and/or regulations. WCB is related to these entities by virtue of common influence by the Government of Alberta. WCB is considered a government-related entity and as such, is not required to disclose these transactions under IAS 24 *Related Party Disclosures*.

KEY MANAGEMENT COMPENSATION

Key management personnel of WCB, comprising the Board of Directors and the executive and their close family members, are also related parties in accordance with IAS 24. As at the reporting date, there were no business relationships, outstanding amounts or transactions other than compensation, between WCB and its key management personnel.

The tables below present total compensation of the board members and executive of WCB.

($ thousands)

	2015				
	Base Salary [1]	**Other Cash Benefits [2]**	**Non-Cash Benefits [3]**	**SERP [4]**	**Total**
Chair, Board of Directors [5,6]	$ -	$ 41	$ 4	$ -	$ 45
Board Members [5]	-	107	7	-	114
President & Chief Executive Officer	466	230	48	119	863
Vice-President, Operations & Chief Information Officer	360	125	41	83	609
Chief Financial Officer	341	117	43	68	569
Vice-President, Operations & Disability Management	286	93	41	39	459
Vice-President, Employee & Corporate Services	280	79	42	46	447
Secretary & General Counsel	274	106	45	49	474

	2014				
Chair, Board of Directors [5]	$ -	$ 46	$ 4	$ -	$ 50
Board Members [5]	-	159	11	-	170
President & Chief Executive Officer	452	273	46	94	865
Vice-President, Operations & Chief Information Officer	357	150	40	74	621
Chief Financial Officer	331	139	42	57	569
Vice-President, Operations & Disability Management	272	116	40	28	456
Vice-President, Employee & Corporate Services	271	100	41	38	450
Secretary & General Counsel	266	90	44	41	441

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[1] *Base salary is pensionable base pay.*

[2] *Other cash benefits include a component of base compensation that is paid out upon achievement of key objectives determined at the beginning of each fiscal year. Other cash benefits for Board Members comprise honoraria pay for meetings attended.*

[3] *Non-cash benefits include employer's share of all employee benefits and payments made to or on behalf of employees including statutory contributions, pension plans, extended health care benefits, group life insurance, and professional memberships.*

[4] *SERP represents employer's current service cost for benefits accrued under a supplemental executive retirement plan. See Note 10* Employee Benefits *for details of the plan, and the following table for the costs and obligations related to each named key management position.*

[5] *The Chair of the Board of Directors and the nine Board members are part-time positions.*

[6] *The former Chair's term ended on October 23, 2015. The current Chair's term commenced on October 24, 2015.*

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

($ thousands)

	2015				2014	
	Current Service Cost[1]	Other Costs[2]	**Net Cost**	**Accrued Obligation**	Net Cost	Accrued Obligation
President & Chief Executive Officer	$ 119	$ 96	$ 215	$ 1,711	$ 413	$ 1,496
Vice-President, Operations & Chief Information Officer	83	5	88	1,002	178	914
Chief Financial Officer	68	5	73	681	156	608
Vice-President, Operations & Disability Management	39	15	54	106	43	52
Vice-President, Employee & Corporate Services	46	30	76	584	125	508
Secretary & General Counsel	49	18	67	611	130	544

[1] *Current service cost represents the actuarial present value of future benefit obligations arising from employee service in the current period.*

[2] *Other costs include interest on the liability and actuarial gains and losses arising from assumption changes and/or experience.*

18. CONTINGENCIES AND INDEMNIFICATION

LEGAL PROCEEDINGS

WCB is party to various claims and lawsuits, related to the normal course of business, that are currently being contested. In the opinion of management, the outcome of such claims and lawsuits are not determinable. Based on the total amount of all such actions, WCB has concluded that the outcomes will not have a material effect on the results of operations or financial position.

INDEMNIFICATION AGREEMENTS

In the normal course of operations, WCB enters into contractual agreements that contain standard contract terms that indemnify certain parties against loss. The terms of these indemnification clauses will vary based upon the contract, and/or the occurrence of contingent or future events, the nature of which prevents WCB from making a reasonable estimate of the potential amount that may be payable to those contractual parties. Such indemnifications are not significant, nor has WCB made any payments or accrued any amounts in the consolidated financial statements in respect of these indemnifications.

19. SUPPLEMENTAL INFORMATION

(a) Cash and cash equivalents

($ thousands)	2015	2014
Cash in transit and in banks	$ 11,613	$ 8,846
Cash equivalents	282,081	451,219
	$ 293,694	$ 460,065

Cash equivalents are invested in a portfolio of high-quality, short- to mid-term, highly liquid fixed-income securities that generated an average annual return of 1.0 per cent (2014 – 1.2 per cent).

(b) Trade and other receivables

($ thousands)	2015	2014
Employer		
Accounts receivable	$ 49,469	$ 59,662
Accrued	-	11,933
	49,469	71,595
Other	10,031	10,372
	$ 59,500	$ 81,967

Included in the accounts receivable total above is an allowance for doubtful accounts of $3.5 million (2014 – $2.1 million). Accrued employer accounts receivable represents premiums related to employers that had not yet reported their insurable earnings by year-end. Substantially all receivables are collected within one year.

(c) Trade and other liabilities

($ thousands)	Trade	Other	2015	2014
Trade payables	$ 81,682	$ -	$ 81,682	$ 59,101
Lease obligations	-	3,532	3,532	4,097
Other liabilities	-	5,015	5,015	8,107
	$ 81,682	$ 8,547	$ 90,229	$ 71,305
Current portion	$ 81,682	$ 1,653	$ 83,335	$ 60,736
Non-current portion	-	6,894	6,894	10,569
	$ 81,682	$ 8,547	$ 90,229	$ 71,305

See Note 9 *Lease and Other Commitments* for details of the lease obligations.

(d) Surplus distributions

	Change in Comprehensive Income		Surplus Distributions Payable	
($ thousands)	**2015**	2014	**2015**	2014
Surplus distributions, beginning of year			$ 507,159	$ 524,478
Payment of prior years' surplus distributions			(503,592)	(511,488)
			3,567	12,990
Adjustment of prior years' accruals	$ (3,567)	$ (12,990)	(3,567)	(12,990)
Outstanding balance from prior years			-	-
Surplus distributions authorized for the year	466,959	507,159	466,959	507,159
Surplus distributions, end of year	$ 463,392	$ 494,169	$ 466,959	$ 507,159

Substantially all surplus distributions are paid within one year.

(e) Safety rebates

($ thousands)	**2015**	2014
Safety rebates payable, beginning of year	$ 91,997	$ 96,988
Payment of prior years' rebates	(85,321)	(92,569)
	6,676	4,419
Adjustment of prior years' accruals	343	(844)
Outstanding balance from prior years	7,019	3,575
Rebates for the year	78,645	88,422
Safety rebates payable, end of year	$ 85,664	$ 91,997

Safety rebates represent amounts recognized under the PIR program. See Note 13 *Premium Revenue* for further details of the PIR program.

(f) Injury reduction

($ thousands)	**2015**	2014
Occupational Health and Safety	$ 41,601	$ 37,277
Industry safety associations	22,691	23,856
	$ 64,292	$ 61,133

Injury reduction is composed of statutory funding of Occupational Health and Safety and voluntary premium levies to fund industry-sponsored safety associations.

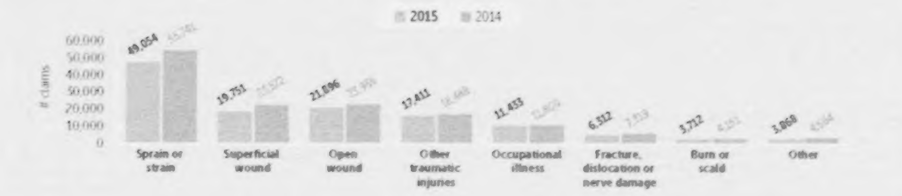
2015 summary of claims administered

	2015		2014	
Active claims as of January 1		28,586		28,619
New lost-time claims	26,029		28,133	
New medical-aid-only claims	107,408		121,568	
Total new claims reported	**133,437**		**149,701**	
Recurrent claims[1]	18,899		15,788	
	152,336	152,336	165,489	165,489
Total claims administered		**180,922**		**194,108**

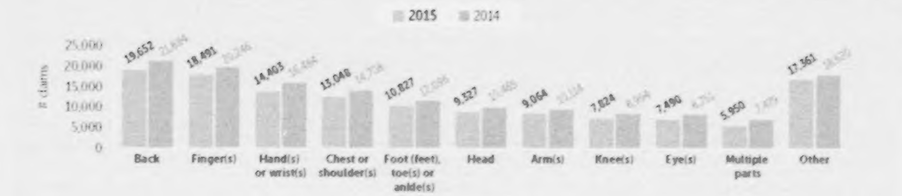
[1] *Previously inactive claims that required further adjudication or case management. Claims may reopen for a number of reasons, such as payments for medical aid or requests for further compensation benefits.*

Ineligible claims	**2015**	2014
LOST-TIME CLAIMS		
Insufficient information available to process claim	133	200
Not covered under *Workers' Compensation Act*	246	219
Injury or illness not arising out of/in course of employment	2,009	2,218
MEDICAL-AID-ONLY CLAIMS		
Insufficient information available to process claim	3,827	4,183
Not covered under *Workers' Compensation Act*	2,756	2,687
Injury or illness not arising out of/in course of employment	4,948	4,823

New claims by nature of injury



New claims by part of body



Other Statutory Reports

Statutes of Alberta Chapter P-39.5 – *Public Interest Disclosure (Whistleblower Protection) Act*

Section 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* requires the chief officer of a department to report annually on all disclosures made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.

This constitutes the annual report of the chief officer of the department covering the period of April 1, 2015 to March 31, 2016.

There have been no disclosures received by, acted on or not acted on by the designated officer.

Therefore there have been no investigations commenced by the designated officer as the result of disclosures and there is no data to report in relation to the reporting requirements under s. 32 of the *Public Interest Disclosure (Whistleblower Protection) Act*.